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United Nations

## United Nations Office on Drugs and Crime

# Financial report and audited financial statements

## for the biennium ended 31 December 2011

## and

# Report of the Board of Auditors

**General Assembly**
**Official Records**
**Sixty-seventh Session**
**Supplement No. 5I**

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# Financial report and audited financial statements

**for the biennium ended 31 December 2011**

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# Report of the Board of Auditors

United Nations • New York, 2012

*Note*

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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## Abbreviations

| | |
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| AusAID | Australian Agency for International Development |
| ESCAP | Economic and Social Commission for Asia and the Pacific |
| FAO | Food and Agriculture Organization of the United Nations |
| IMIS | Integrated Management Information System |
| IOM | International Organization for Migration |
| IPSAS | International Public Sector Accounting Standards |
| NATO | North Atlantic Treaty Organization |
| OIOS | Office of Internal Oversight Services |
| OPEC | Organization of the Petroleum Exporting Countries |
| OSCE | Organization for Security and Cooperation in Europe |
| UNAIDS | Joint United Nations Programme on HIV/AIDS |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environment Programme |
| UNFPA | United Nations Population Fund |
| UN-Habitat | United Nations Human Settlements Programme |
| UNHCR | Office of the United Nations High Commissioner for Refugees |
| UNICEF | United Nations Children's Fund |
| UNICRI | United Nations Interregional Crime and Justice Research Institute |
| UNODC | United Nations Office on Drugs and Crime |
| UNOPS | United Nations Office for Project Services |
| UNPOS | United Nations Political Office for Somalia |
| USAID | United States Agency for International Development |
| WCO | World Customs Organization |
| WHO | World Health Organization |

## Letters of transmittal

30 March 2012

In accordance with General Assembly resolutions 46/185 C of 20 December 1991 and 61/252 of 22 December 2006, I have the honour to submit the accounts of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund for the biennium ended 31 December 2011.

Copies of these financial statements are also being transmitted to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Yuri **Fedotov**
Executive Director
United Nations Office on Drugs and Crime

The Chair of the Board of Auditors
United Nations
New York

30 June 2012

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the United Nations Office on Drugs and Crime for the biennium ended 31 December 2011.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair of the Board of Auditors

The President of the General Assembly
of the United Nations
New York

# Chapter I

## Report of the Board of Auditors on the financial statements: audit opinion

### Report on the financial statements

We have audited the accompanying financial statements of UNODC for the biennium ended 31 December 2011, which comprise the consolidated statement of income and expenditure and changes in reserves and fund balances (statement I); the consolidated statement of assets, liabilities, reserves and fund balances (statement II); the consolidated statement of cash flow (statement VII); and the supporting statements, schedules and explanatory notes. Statements III and IV describe the Fund of the United Nations International Drug Control Programme, and statements V and VI describe the United Nations Crime Prevention and Criminal Justice Fund.

#### Management's responsibility for the financial statements

UNODC is responsible for the preparation and fair presentation of the financial statements in accordance with the United Nations system accounting standards and for such internal control as is deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of UNODC as at 31 December 2011 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

## Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of UNODC that have come to our notice, or which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations, the Financial Rules of UNODC and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of UNODC.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair of the Board of Auditors

(*Signed*) Amyas **Morse**
Comptroller and Auditor-General of the
United Kingdom of Great Britain and Northern Ireland
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa

30 June 2012

# Chapter II
# Long-form report of the Board of Auditors

*Summary*

The United Nations Office on Drugs and Crime (UNODC) is mandated to assist Member States in tackling illicit drugs, crime and terrorism. Headquartered in Vienna, UNODC operates globally, with a staff of 1,700 and a network of 60 field offices. It has recently expanded in East and West Africa and the Middle East, where major new programmes are being implemented. Almost all of the activities of UNODC are undertaken through individual projects at the global, regional and country levels. Country and regional projects are primarily the responsibility of the regional offices of UNODC, with global projects led from its headquarters

Income from voluntary contributions for the biennium 2010-2011 amounted to $524 million ($287 million for the drug programme and $237 million for the crime programme). Expenditure for 2010-2011 was $450 million, resulting in an excess of income over expenditure of $74 million. UNODC also receives $44 million (8 per cent of total income) from the United Nations regular budget.

The Board of Auditors has audited the financial statements and reviewed the operations of UNODC for the biennium ended 31 December 2011. The audit was carried out through the examination of financial transactions and operations and management arrangements at UNODC headquarters in Vienna and at regional offices in Senegal and Thailand.

**Opinion**

The Board has issued an unmodified audit opinion on the financial statements for the period under review.

*Overall conclusion of the Board*

UNODC, under its internal control framework, delegates extensive authority from headquarters to regional and country offices, but the Board considers that the internal control framework is not operating as consistently or effectively as it should. The Board found variable levels of compliance with basic rules for the conduct of business in the field and significant scope to strengthen field controls and implement more stringent regional and headquarters oversight and review, to improve the management of risks inherent in a globally dispersed organization

While recognizing management's desire to improve its strategic planning and oversight, the Board was unable to determine whether the new integrated programming approach, introduced in 2008, had been effective. Measures of success for this major transformational project had not been defined. The Board also found that, while UNODC had established frameworks and systems for gathering and reporting performance, use of performance data at a corporate level was limited. Programme performance indicators were either unrealistic or could not be measured, and arrangements for evaluation were either weak or absent, particularly in relation to the UNODC regional programmes, limiting management's ability to determine the extent of implementation of each programme and objectively demonstrate the cost-effective use of resources.

**Key findings and recommendations**

With regard to financial management, the Board found deficiencies in regional and field office accountability and financial management. For example, the Board found limited evidence of senior field office management review of monthly reconciliations or year-end financial returns to headquarters. In addition, the Field Office Management Ledger did not enforce the appropriate segregation of duties.

Regarding expenditure and income, the Board found examples of non-compliance with UNODC procedures in the field, for example, in handling imprest advances. The UNODC approach to processing, clearance of funds and acceptance of income was also inconsistent between offices and did not comply with established internal procedures.

With regard to expendable and non-expendable property, UNODC has started the process of cleansing the data held on asset registers in preparation for IPSAS implementation, and some $27 million worth of non-expendable property was written off in the biennium 2010-2011. While the errors were not significant enough to have an impact on the Board's opinion on the financial statements, the Board is concerned that non-expendable property is inaccurately reported. The Board noted many instances where items could not be located or were obsolete, or where assets had been written off but remained on the asset register. The Board found that UNODC also held incomplete data on expendable property (inventory) registers and had similar deficiencies in its inventory management.

Regarding preparations for IPSAS implementation, UNODC has started the process by gathering the data required to value assets and arrive at meaningful opening balances, but this work is not well advanced. UNODC has the additional challenge of coordinating data collection and the implementation of IPSAS across a large number of field offices. UNODC has established a small team dedicated to IPSAS implementation at its headquarters, but the Board is concerned that insufficient resources are currently allocated to complete this work in the allotted time frame.

With regard to strategic and project planning, the new approach of UNODC to developing its programme of activities, a major business transformation project started in 2008, is ongoing. UNODC acknowledges that weaknesses in the project's development, in particular the absence of measures of success, will present difficulties for evaluating the implementation of both the overarching approach and the regional programmes that constitute a significant part of the project. At the project level, many of the UNODC project proposals were poorly defined, in particular in relation to defining the problems that they are intended to address and the baselines against which progress will be measured and assessing potential project risks.

With regard to performance reporting and management, basic tools for monitoring progress are in place at the regional level, although they do not combine information on costs with information on substantive progress. Also, many performance indicators in the UNODC regional programmes will not provide adequate measures of performance as, in many instances, they do not include baselines, thereby limiting the ability of UNODC to report on overall progress. The progress reports to UNODC senior management focus on how much has been spent rather than on substantive progress on the implementation of regional programmes and what they have achieved.

In the light of the findings above, the Board makes detailed recommendations in the main body of this report. In summary the main recommendations are that UNODC:

**(a) Improve its financial management by establishing more robust monthly and year-end scrutiny of the financial returns from all country offices in the regions;**

**(b) Implement system changes to its Field Office Management Ledger, so as to restrict and manage access and improve the segregation of duties;**

**(c) Account for donations consistently and in accordance with the Financial Regulations and Rules of the United Nations, with any deviations from regulations properly recorded and justified at the point of receipt of the pledge;**

**(d) In relation to non-expendable property and inventory: (i) update its asset registers to include all details of the item; (ii) tag all assets with a Field Office Inventory reference number; and (iii) physically verify that all items in the registers remain UNODC assets and in use;**

**(e) In its project proposals: (i) clearly and succinctly define the problem that a project is intended to address; (ii) establish a clear baseline against which to assess delivery or provide a clear explanation of how the baseline will be established; and (iii) identify and document material risks and mitigating actions;**

**(f) For each of its regional programmes: (i) specify a realistic and achievable set of priorities for the period of the programme; (ii) establish robust, realistic and measurable performance indicators; (iii) identify a manageable number of key performance indicators, balanced between outcome and output indicators; and (iv) clearly link individual project performance indicators to the indicators set out in its strategic framework to enable the aggregation of indicators and provide an overall picture of performance;**

**(g) Establish a mechanism for reporting, to both internal and external stakeholders, progress on implementation of the regional programmes.**

**Previous recommendations**

Of the 15 recommendations made for the previous biennium, 6 (40 per cent) had been fully implemented, 5 (33 per cent) were under implementation, 3 (20 per cent) had not been implemented and 1 (7 per cent) was overtaken by events. This compares with 58 per cent of recommendations implemented, 26 per cent of recommendations under implementation and 16 per cent not implemented at the same point in the previous biennium. This represents an overall decline in the level of implementation, but the Board notes that four of the recommendations are due to be completed imminently and that some depend on developments or decisions elsewhere outside the control of UNODC.

Therefore, in general the Board has no concerns with the rate of implementation or with the positive response of UNODC. In the section on follow-up of previous recommendations, however, the Board does indicate its strong preference that its previous recommendation that regular budget income and expenditure be fully accounted for in the UNODC financial statements, with implementation no later than the biennium 2012-2013.

## A. Background

1. The United Nations Office on Drugs and Crime (UNODC) is mandated to assist and support Member States in addressing issues relating to drugs and crime. This includes support for the prevention, deterrence and treatment of the negative effects of activities relating to illicit drugs, crime and terrorism. UNODC employs some 1,700 staff, approximately 300 of whom are based at its headquarters in Vienna and 1,400 in the field. Approximately 65 per cent of its expenditure for the biennium 2010-2011 was spent through its network of 60 regional, country and programme offices.

2. During the biennium, UNODC continued to implement its integrated approach to strategic programme development, a major business transformation project designed to align its global and regional priorities. It also commenced major programme expansion in East and West Africa and the Middle East.

3. In Vienna, UNODC shares accommodation with a number of other United Nations bodies, including the United Nations Office at Vienna, which provides a range of services to UNODC, including in the areas of finance, human resources, information technology and procurement. While the Office is accountable to the United Nations Secretariat, it is very much integrated with the UNODC organizational structure, forming one of the four divisions of UNODC (the Division for Management).

## B. Mandate, scope and methodology

4. The Board of Auditors has audited the financial statements of UNODC and has reviewed its operations for the biennium ended 31 December 2011, in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations and the Financial Rules of UNODC, as well as the International Standards on Auditing. The latter standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

5. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of UNODC as at 31 December 2011 and the results of its operations and cash flows for the financial period, in accordance with the United Nations system accounting standards. This included assessing whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations and the Financial Rules of UNODC. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

6. The Board also reviewed UNODC operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and

management of UNODC operations. The Board focused on strategic and project planning and budgeting and performance reporting and management.

7. During the course of the audit, the Board visited UNODC headquarters in Vienna and field operations in Senegal and Thailand, and coordinated closely with OIOS.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly, including specific requests from the Assembly and the Advisory Committee on Administrative and Budgetary Questions.

9. The Board's observations and conclusions were discussed with UNODC, whose views have been appropriately reflected in the report. The recommendations contained in the present report do not address steps which UNODC may wish to consider in respect of officials for instances of non-compliance with its Financial Rules, administrative instructions and other related directives.

## C. Findings and recommendations

### 1. Follow-up to previous recommendations

10. Of the 15 recommendations made in the Board's previous report (A/65/5/Add.9), 6 have been implemented fully, 5 are under implementation (4 of which will be implemented imminently), 3 have not been implemented and 1 was overtaken by events. Details are shown in the annex below. The Board also evaluated the ageing of its previous recommendations from the biennium 2008-2009 and three relating to 2006-2007, of which two have been almost fully implemented a... one has not been implemented.

11. One recommendation raised in the biennium 2008-2009 required UNODC to comply with its Financial Rules and formally approve revisions of the biennial budget for general-purpose funds prior to the beginning of the biennium. UNODC stated that the timing of the meetings of its governing bodies meant that approval could not take place until the first quarter of the second year of the biennium. The Board has accepted the Office's explanation and therefore closed the recommendation, but raised a new recommendation to address the issue of timing.

12. **UNODC accepted the Board's new recommendation that it revise its Financial Rules to formally approve revisions of the biennial budget for general-purpose funds at the meeting of its governing bodies, usually held in the first quarter of the second year of the biennium. The Board suggests that this revision to the Financial Rules be undertaken at the same time that UNODC revises its financial regulations and rules in the context of IPSAS implementation.**

*Recommendations partially implemented or not implemented*

13. One recommendation that has not been implemented was first raised in the biennium 2006-2007. The Board has therefore reiterated that recommendation, on the need for a funding strategy for after-service health insurance.

14. In addition, UNODC did not implement two other recommendations from 2008-2009, namely that:

(a) UNODC draw up an analysis of its needs and the risks posed by the migration and necessary update of its information technology systems (PeopleSoft, Programme and Financial Information System and Field Office Management Ledger) in preparation for migration to and implementation of the new enterprise resource planning system for the United Nations (Umoja). UNODC informed the Board that a detailed migration plan would be proposed by United Nations Headquarters once the new system design was completed and the sequence of system decommissioning and the data migration steps were known. The Board reiterates its previous recommendation but recognizes that UNODC will be able to do this fully only when further details of the Umoja roll-out are clarified by Headquarters;

(b) UNODC revise the title of its financial statements to reflect that their scope is limited to the voluntarily funded activities and consider preparing financial statements that include activities funded by the regular budget of the United Nations. The Board recognizes that while the United Nations was open to the suggestion, it did not mandate this action. The Board also notes that in the meantime regular budget income and expenditure in relation to UNODC is reflected in the financial statements of the United Nations (A/67/5 (Vol. I)). The Board, however, now considers that the $44 million regular budget contribution should be fully included in the financial statements of UNODC to show the full scale of its income and expenditure in accordance with the principles set out in the Financial Regulations and Rules of the United Nations, and observes that UNEP and UN-Habitat chose to implement similar recommendations by the Board during the biennium 2010-2011.

15. **To provide a complete picture of the UNODC accounts, the Board reiterates part of its previous recommendation that UNODC prepare financial statements that include the balances of UNODC regular budget contributions in its financial statements for the biennium 2012-2013.**

16. UNODC has informed the Board that it will implement this recommendation, taking into account the IPSAS framework. The Board will support UNODC in achieving that objective.

*Recommendations under implementation*

17. With regard to four of the five recommendations under implementation, the Board noted that implementation depended on senior management's approval of a draft inventory management policy (the outcome of two recommendations from 2006-2007), agreement with UNDP to write off prior-year reconciling items and the implementation of an OIOS recommendation on an HIV project through the UNODC change management process, all of which are expected to be completed imminently. The final recommendation, preparing annual leave accrual under IPSAS, will be completed by 2014.

## 2. Financial overview

*Overall financial position of UNODC*

18. Funding of $524 million for the biennium 2010-2011 is split into special-purpose funds of $455 million, earmarked for specific projects, general-purpose funds of $27 million and programme support costs of $41 million (charged as overhead costs to projects).

19. The funding and remit of UNODC have grown significantly in recent years. In the past six years expenditure has more than doubled, from $194 million in 2004-2005 to $450 million in 2010-2011. Most of the growth is in special-purpose voluntary funding. Table II.1 shows total income through extrabudgetary funds for 2010-2011 compared with 2008-2009.

Table II.1
**Income and expenditure, by source of funding**
(Thousands of United States dollars)

| | *Biennium* | | | |
|---|---|---|---|---|
| | *2008-2009* | | *2010-2011* | |
| *Drug Programme and Crime Programme Funds* | *Income* | *Expenditure* | *Income* | *Expenditure* |
| General-purpose funds | 25 567 | 27 287 | 27 269 | 20 943 |
| Programme support cost funds | 41 626 | 26 343 | 41 016 | 30 799 |
| Special-purpose funds | 439 727 | 401 506 | 455 381 | 398 404 |
| **Total** | **506 920** | **455 135** | **523 666** | **450 146** |

20. Total general-purpose income increased by 7 per cent (from $25.6 million in 2008-2009 to $27.3 million in 2010-2011). This reversed a trend of decline in general-purpose funding that began in 2006. However, the increase resulted from a single $7 million contribution to the Fund received in 2010; without that contribution, the decline would have continued. The UNODC budget for the biennium 2010-2011 projected a reduction in the general-purpose income, and a reduction in expenditure from 2009 levels was therefore proposed. During the biennium 2010-2011, general-purpose expenditure reduced significantly (by 23 per cent) compared with 2008-2009.

21. The proportion of special-purpose funds (earmarked by donors for specific projects) compared to general-purpose funds continues to place considerable strain on UNODC programmes and programme support services, which are funded from declining multilateral core resources (general-purpose funds and the regular budget). Most voluntary contributions are tightly earmarked to specific projects, leaving little operating flexibility to respond to complex programming and management improvement initiatives and the infrastructure required to deliver such programmes.

22. As at 31 December 2011, UNODC held cash balances of approximately $348 million. The Board considers this level of cash excessive, as it is equivalent to some 18 months' worth of expenditure. This level of cash on hand is due in part to the financial rules governing expenditure, which permit expenditure to be incurred on trust funds only if the funding required to meet the expenditure is available. As a result, UNODC holds significant available cash, as there is a delay between the cash receipt of contributions and the related expenditure. This also contributes to creating excesses of income over expenditure, as the expenditure implementation rate lags behind income. The Board was unable to obtain any evidence to justify the level of cash holdings or that management had considered ways to reduce the amounts on hand by, for example, accelerating programme implementation in a controlled manner.

23. **UNODC agreed with the Board's recommendation that it review its cash holdings with a view to minimizing the amounts on hand. This can be achieved by seeking ways to accelerate programme implementation in a controlled manner and by better matching contributions with realistic deployment schedules.**

### 3. Financial management

24. The Board noted some significant weaknesses in financial management controls at field offices. For example, in Senegal, regular payroll reconciliations were not routinely reviewed and signed by field office senior management. Payment obligations were not reviewed thoroughly at the end of the year, when there is a need to either reobligate or cancel them. The Board found that year-end returns to UNODC did not provide headquarters with assurance on performance and financial management information in the regions, and there was no evidence that the information had been challenged by regional office management before being passed to headquarters for consolidation within the financial statements. While the Board is content that there are no material issues affecting the fair presentation of the financial statements, it considers that headquarters needs to do more to scrutinize and challenge the information provided by field offices so that management has the appropriate assurance over the accuracy and completeness of what is being reported.

25. In addition, there are deficiencies in the Field Office Management Ledger, a system used by UNODC to record transactions within the field but not originally designed as a financial management system. The system does not provide appropriate segregation of duties, allowing procurement actions (raising of obligations), accounts payable (payment requests), payment reconciliations and reporting functions to be carried out in individual offices by the same person. Failure to enforce adequate segregation of duties exposes UNODC to increased risks of error, including fraud, when processing transactions.

26. **UNODC agreed with the Board's recommendation that it: (a) require regional representatives to provide evidenced monthly and year-end scrutiny of the financial returns, including obligations, from all country offices in the regions; and (b) institute a mechanism requiring senior field office management to review and sign monthly payroll reconciliations (of expected payments to staff against actual payments).**

27. **UNODC also agreed with the Board's recommendations that it: (a) strengthen financial management oversight and review in field offices; (b) evaluate the administrative structure within each regional office to ensure that the financial function is proportional to the size and programme in that office; and (c) implement system changes to aid segregation of duties within the regional office finance teams by the end of 2012.**

*Risk management*

28. The Board noted that UNODC had not established a structured organization-wide approach to risk. It also noted deficiencies in UNODC arrangements for managing risk in the field:

(a) The Board's testing of expenditure brought to light risks with imprest advances, especially when handling cash, that were not identified in individual field office risk registers;

(b) During the visits to the Bangkok and Senegal field offices, the Board experienced power outages, stoppages and delays that hampered its ability to work. This risk to business continuity had not been registered or mitigated by the field office;

(c) UNODC headquarters currently requires all project managers to set out in project proposal documents the risks that are outside of the control of UNODC, but not those that it can manage along with proposed mitigating actions.

29. **UNODC agreed with the Board's recommendation to implement a consistent organizational approach to risk management planning.**

*Expenditure*

30. The Board noted a serious example of UNODC failure to comply with procurement procedures. UNODC initiated an action in 2009 to procure five vehicles at a cost of approximately $219,000. The procurement action failed when the field office tried to charge the costs to a project without the required prior authorization of a donor. Consequently, payment was made only when the field office found sufficient approved funding from other donor sources in 2010. The Board noted that the amount paid was also higher than the original quotations for the vehicles.

31. UNODC also notified the Board of one case where $112,000 was committed for the purchase of two vehicles in 2009. The obligation was subsequently erroneously cancelled by the field office at the end of 2009, even though the vehicles had been delivered and placed on the UNODC asset register. The payment was made in 2010 and correctly recorded in the 2010-2011 financial statements. The late receipt of invoices and mislaid paperwork also contributed to the erroneous cancellation of the obligation. The Board considers that this error should have been caught earlier by the field office project managers.

32. UNODC strengthened its procedural arrangements for expenditure as a result of the lessons learned, for example, introducing obligation reviews at year's end. The Board considers that there is further scope for UNODC to manage risks by strengthening field controls and implementing more stringent regional and headquarters review of monthly and year-end returns.

33. **UNODC agreed with the Board's recommendation that it review and strengthen its finance structure within targeted regional and field offices to promote full compliance with all procedures.**

34. The Board also found that at each of eight field offices daily subsistence allowance for multiple attendees at meetings, totalling $49,887 (see table II.2), had been paid to one individual for disbursement without prior central authorization from the Chief of the Financial Resources Management Service. UNODC, upon request, was able to provide the Board with evidence to substantiate the payments in all cases.

Table II.2
**Advance payments of daily subsistence allowance without prior approval by the Chief of the Financial Resources Management Service**

| *Field office* | *Amount (United States dollars)* | *Date of transaction* |
|---|---|---|
| Egypt | 14 400 | 1 April 2010 |
| Viet Nam | 4 328 | 1 May 2010 |
| Egypt | 7 674 | 1 July 2010 |
| Laos People's Democratic Republic | 14 285[a] | 1 December 2010 |
| Indonesia | 1 931 | 1 September 2011 |
| Egypt | 1 247[b] | 1 November 2011 |
| Laos People's Democratic Republic | 3 629 | 1 November 2011 |
| Thailand | 2 393[c] | 1 December 2011 |

[a] Of which $2,832 was returned.
[b] From a total of $9,968.
[c] From a total of $4,948.

35. UNODC informed the Board that the additional internal Financial Resources Management Service approval control was introduced to strengthen procedures in 2010 in relation to imprest advances, such as advance payments of daily subsistence allowance to one individual for disbursement. UNODC also reminded staff in the field offices to comply with the internal management procedures, but further unapproved payments late in 2011 indicate that further staff training is required so that all staff comply with the procedure.

36. **UNODC agreed with the Board's recommendation that it: (a) update and circulate its guidance on handling advance daily subsistence allowance payments for disbursement and issue regular reminders to all staff; and (b) implement spot checks to foster a culture of full compliance in all UNODC offices.**

*Income*

37. The Board found many inconsistencies in the treatment of income in which UNODC did not comply with its Programme and Operations Manual. While the Board was satisfied that the right amount of income was eventually correctly recognized in the books of account, it considers that UNODC procedures were unclear; as a result, the approach to clearance of funds and acceptance of income was applied inconsistently in approximately three quarters of all income cases that were tested. For example, the Board found 22 instances from a sample of 161 where field offices rather than UNODC headquarters, as required, had incorrectly authorized and signed for income. There were also 17 instances in which receipt of a donation committed UNODC to expenditure on projects that it had not formally cleared through proper approval from the General Assembly, contrary to rule 103.4 (b) of the Financial Regulations and Rules of the United Nations, which states that voluntary contributions, gifts or donations that directly or indirectly involve additional financial liability for the Organization may be accepted only with the approval of the Assembly. The Board also noted that UNODC did not always formalize or record changes in the use of income in the field that were not strictly in line with donors' intentions.

**38. UNODC agreed with the Board's recommendation that it account for donations consistently and in accordance with United Nations regulations and rules and that any deviations from the regulations be properly recorded and justified at the point of receipt of the pledge.**

**39. UNODC also agreed with the Board's recommendation that it circulate to all staff improved guidance and instructions on income, including the clearance process, to remind them of the criterion for recognizing income.**

40. UNODC informed the Board that it expected to implement system changes and updates to the Programme and Operations Manual and related systems by the end of the third quarter of 2012.

*Recording and retention of information*

41. The Board found weaknesses in the record-keeping of UNODC. Information was not always recorded clearly and systematically, leaving gaps in audit trails and making it difficult to determine whether rules and processes had been followed properly. While it was sometimes possible to reconstruct the basis for the decision from a range of other documents, it was time-consuming and inefficient. Deficiencies in record-keeping can limit management's ability to use historical information to inform future decisions and to provide assurance to stakeholders about how funding has been used.

**42. UNODC agreed with the Board's recommendation that it record all information vital to its work within the system and make it available for multi-user purposes, with appropriate and complete cross-references to other documents and documentation of its professional judgements. UNODC should also set out a strategy defining the parameters of a plan to retain such documents and information relating to major processes.**

43. UNODC informed the Board that it would continue to streamline and strengthen efforts to gather relevant information in the areas of income (recognition and recording) and assets.

## 4. End-of-service liabilities

44. In its resolution 64/241, the General Assembly requested the Secretary-General to continue to validate the accrued liabilities for after-service health insurance by having the figures audited by the Board and to include this information and the outcome of the validation in his report to the Assembly at its sixty-seventh session.

45. The financial statements for the biennium 2010-2011 report end-of-service and post-retirement liabilities amounting to $42.2 million. Of that, $30.2 million related to after-service health insurance, compared with $14.5 million at the end of the previous biennium. Changes in actuarial assumptions accounted for $9 million of the $15.7 million increase. UNODC is liaising with United Nations Headquarters on a common United Nations-wide policy for funding such liabilities.

**46. UNODC agreed with the Board's reiterated recommendation to develop, in consultation with United Nations Headquarters, a comprehensive and effective solution to the funding of future commitments to its staff.**

## 5. Cash and investments

*Managing cash and investments*

47. The cash and investments of UNODC increased by 67 per cent and 21 per cent respectively (see table II.3).

Table II.3
**Cash and investments of the United Nations Office on Drugs and Crime**
(Thousands of United States dollars)

| *Asset* | *Balance as at 31 December 2011* | *Balance as at 31 December 2009* | *Increase* | *Increase (percentage)* |
|---|---|---|---|---|
| Cash | 49 365 | 29 568 | 19 797 | 67.0 |
| Investments in offices away from headquarters cash pool | 298 442 | 245 824 | 52 618 | 21.4 |
| **Total** | **347 807** | **275 392** | **72 415** | **88.4** |

48. The balances of cash and investments of UNODC result from:

(a) Large funding contributions received in advance of the commencement of projects;

(b) Unused resources and surpluses carried forward from the previous biennium;

(c) Implementation rates lagging behind funding contributions.

49. Of the $49 million in cash, $46 million is held in one country where the Government funds the UNODC country programme, which among other schemes makes regular cash payments to farmers not to grow illicit crops, requiring high levels of cash in the bank account. The Board notes that since the end of the biennium, this balance has decreased by approximately $15 million. The Board has examined the management of the investments in its report on the United Nations (A/67/5 (Vol. I)).

50. **UNODC agreed with the Board's recommendation that it review the levels of cash and investments that it holds on a monthly basis, analyse its cash flow and aid the review of programme and project implementation.**

## 6. Management of expendable and non-expendable property

51. UNODC is a globally dispersed operation and therefore highly dependent on effective asset and inventory management. As at 31 December 2011, UNODC held $26 million worth of non-expendable property (compared with $42 million as at 31 December 2009)[1] and an estimated $5.9 million worth of expendable property (compared with $5.5 million as at 31 December 2009).

*Non-expendable property*

52. On the basis of an extrapolation of errors detected during testing, the Board estimated that non-expendable property was overstated by $1.15 million at the two

[1] During the biennium there were $10 million worth of additions and $26 million worth of write-offs.

field offices that it visited during the biennium, against a population of vehicles and equipment recorded at $5.75 million. The errors arose because registers included items that could not be located or were obsolete; assets that had been written off but remained on the inventory; and additional costs that should not have been included in the asset valuations. In addition, assets transferred to third parties were not clearly documented or updated on the register. Further testing at UNODC headquarters during the biennium indicated that these problems extended across all field offices and, to a lesser extent, at headquarters.

53. **UNODC agreed with the Board's recommendation that it: (a) fully cleanse its non-expendable property asset registers; (b) list all separately identifiable assets on the register; (c) include in handover documents the roles and responsibilities of UNODC and the beneficiary; (d) update the field office inventory record to reflect the instances where inventory has been written off by the Property Survey Board; and (e) attach handover documents to the field office inventory record.**

54. As a result of the Board's findings, UNODC made progress in identifying and writing off $26.7 million worth of assets in country offices, reducing the likely level of error within non-expendable property records as at 31 December 2011. However, UNODC recognizes that there is further work to do in this area. The current write-off figure includes, for example, a provision for aged assets acquired before 2004, which owing to their age are highly likely to be obsolete, but have not yet been written off. UNODC intends to systematically cleanse assets as part of its planned implementation of IPSAS.

55. UNODC has taken action to adjust the non-expendable property figure reported as a disclosure note to the accounts, and the errors found by the Board are not considered to be significant enough to have an impact on the Board's opinion. However, there is potential for future qualification of the accounts if the asset registers and management processes are not updated and well maintained in the future, as asset values will be disclosed in the main financial statements when IPSAS-compliant financial statements are introduced.

56. In relation to IPSAS implementation, the Board noted that, under IPSAS 17, the directly attributable cost of bringing an asset into its intended use must be recognized (including delivery, handling, insurance, installation, professional fees and the estimated cost of dismantling and restoring). At present, there is no method of capturing the full purchase cost and related costs in the field office inventory.

57. **UNODC agreed with the Board's recommendation that it: (a) enhance the field office inventory database so as to capture the costs directly attributable to bringing assets into use; and (b) cleanse the field office inventory data so that the purchase cost and other costs, such as delivery and handling, are captured for existing assets.**

*Expendable property*

58. As at 31 December 2011, UNODC held approximately $5.9 million worth of expendable property. The Board found weaknesses in the management of these assets in the two field offices and at headquarters, including obsolete items held at full value, missing items and incomplete data on the registers, where, for example, model numbers and serial numbers were missing.

59. **UNODC agreed with the Board's recommendation that it: (a) cleanse and update the inventory registers to include all relevant information, such as serial and model numbers; and (b) tag assets without unique reference numbers, such as furniture, with a field office inventory reference number.**

## 7. Procurement

60. The Board reviewed the role of the Division for Management of the United Nations Office at Vienna, which has lead responsibility for procurement at the Office and at UNODC. During the biennium 2010-2011, the United Nations Office at Vienna handled 693 requisitions (from both the Office and UNODC) with a total value of $32 million. Because the United Nations Office at Vienna is part of the Secretariat, the Board's key findings will be included in its report on the United Nations (A/67/5 (Vol. I)). Given the closely integrated nature of UNODC and the United Nations Office at Vienna, however, the findings are also included in the present report.

*Delegations of authority*

61. Records of delegations of authority, which set out limits of authority to procure goods and services on behalf of clients both at the United Nations Office at Vienna and at UNODC, were not up to date.. This creates a risk that the Procurement Section and requisitioners are unclear about the level of transactions that the Section is authorized to process, leading to breaches of delegated levels of authority.

62. **The United Nations Office at Vienna agreed with the Board's recommendation that all procurement delegations be brought up to date and clearly communicated to relevant staff.**

63. UNODC subsequently provided the Board with scanned copies of the updated delegations, which indicate that all of the delegations had been updated by early April 2012. The Board will continue to monitor the situation in the coming biennium to see that the issue is fully resolved.

*Performance monitoring and management*

64. Systems for recording, monitoring and managing procurement requests were not adequately developed, limiting the ability of the United Nations Office at Vienna to plan, manage and evaluate its procurement performance.

65. The procurement system of the United Nations Office at Vienna contains detailed information on processing time and the value and number of requests, but it is difficult to extract performance data from the system. For example, the Office had to submit individual requests to its Information Technology Service to obtain the relevant data for the Board on the number of waivers (departures from the standard procurement route); requests, by originating section; the breakdown of requests between headquarters and field offices; the current and completed procurement actions, by value; the breakdown of the number of requests handled by team members by year; and the time taken to complete procurement actions, including average times.

66. At a minimum, the Service should be able to generate reports that allow the Procurement Section to group and analyse their caseloads by number, nature, value and complexity of requests and by originating section, including field offices.

67. **The United Nations Office at Vienna agreed with the Board's recommendation that it enhance its procurement performance data by defining its information needs and implementing enhancements to systems.**

68. The United Nations Office at Vienna had implemented a number of improvements at the time of the Board's final audit and has plans to make further improvements by October 2012.

*Compliance and competition*

69. The United Nations Procurement Manual specifies both standard processing times for procurement and the circumstances in which organizations may depart from standard procedures (where a waiver may be applied). From a detailed review of five procurement cases, the Board identified that:

(a) In one case, only one bid had been received from suppliers. The relatively late submission of the request for procurement (for a conference facility, including accommodation, for approximately 50 people), in relation to the required delivery date, may have played a part in the lack of bids from the other five hotels invited to bid;

(b) In another case, delays in finalizing the terms of reference for the procurement of high-volume photocopiers led to an existing contract being extended by 14 months, despite the Procurement Section reminding the requisitioner of the need to begin the process well in advance of the expiry of the existing contract. The Board calculated that the difference between the cost of the initial contract and that of the contract ultimately awarded resulted in additional costs of over $41,000.

70. **UNODC and the United Nations Office at Vienna agreed with the Board's recommendation that they communicate urgently to all requisitioners, and on a regular basis thereafter, as necessary, the importance of timely commencement and completion of procurement processes so as to facilitate effective competition and avoid unnecessary expenditure.**

## 8. Progress towards the implementation of the International Public Sector Accounting Standards

71. The United Nations central IPSAS implementation team has shared guidance and templates on project plans with UNODC, but these are largely focused on monitoring implementation, rather than any detailed templates to help UNODC to meet the data requirements. UNODC arrangements are made complex by the coexistence of two ledger systems (IMIS and PeopleSoft), which means that it will need to plan system changes and interdependencies very carefully. UNODC has assessed what it needs to do in preparation for the transition to IPSAS. While it has established a local implementation team, the team currently lacks sufficient resources to complete the planned tasks within the set deadlines. UNODC has started the process of gathering data to value assets and arrive at its IPSAS opening balances, but this is not well advanced against the timetable. UNODC has the additional risk of a large number of field offices holding incomplete asset data registers to coordinate in this regard.

**72. UNODC agreed with the Board's recommendation that it: (a) discuss with United Nations Headquarters whether adequate resource allocations and funding will be made available to UNODC; and (b) revise its local IPSAS implementation plan in the light of progress to date.**

## 9. Strategic and project planning and budgeting

*Strategic planning*

73. Since 2008, UNODC has been implementing a new approach to developing its substantive work programme, primarily to address Member States' concerns about:

(a) Its financial sustainability and funding model;

(b) The strategic coordination of its activities;

(c) The transparency of its objectives and activities;

(d) The extent to which it was driven by donor priorities;

(e) The effectiveness of its engagement with all stakeholders;

(f) Communication among its divisions;

(g) Integration between headquarters and field offices.

74. UNODC has developed an "integrated programme" approach to address these concerns, where regional programmes, which reflect regional priorities, are linked to global, thematic programmes. All divisions within UNODC contribute to the development and implementation of these programmes. UNODC informed the Board that it expected the new approach to be fully implemented by mid-2013.

75. The Board noted that UNODC had not established how the success of the new approach to strategic planning and budgeting would be measured or evaluated. The new approach would also have associated costs of implementation which UNODC had not attempted to estimate. Without clear, measurable indicators of success, there is a risk that UNODC will be unable to demonstrate that it has addressed the concerns expressed by Member States or that the change is cost-effective. UNODC stated that it was in the process of developing the terms of reference for a formal evaluation of the new approach, but it is unclear how the absence of measures of success will be addressed.

**76. UNODC agreed with the Board's recommendation that it set out how the success of the new approach to strategic planning and budgeting would be measured and include an assessment of the cost of implementation.**

*Strategic alignment*

77. It is important that the aims and objectives of an organization be consistently articulated and, where layers of strategy exist, that they be aligned in support of a consistent and shared understanding at all levels of the organization. Failure to align such documents can result in staff focusing efforts on peripheral activities, undermining the achievement of the organization's aims. To test for this alignment, the Board reviewed the following strategic documents:

(a) Medium-term Strategy for the period 2008-2011 (E/CN.7/2007/14-E/CN.15/2007/5);

(b) Strategic framework for the period 2010-2011 (A/63/6/Rev.1);

(c) "Menu of services" (a summary for stakeholders of what UNODC delivers);

(d) Guidance note on the integrated programme;

(e) The seven thematic programmes.

78. While the Board found a good degree of alignment between the medium-term strategy and the strategic framework, it also noted some deficiencies: most importantly, the detailed indicators of achievement for objectives in the seven thematic programmes do not align clearly with the indicators of achievement in the UNODC strategic framework for 2010-2011. UNODC informed the Board that some documents had been prepared in parallel rather than in logical sequence, so some degree of misalignment had been inevitable. However, as long as the lack of alignment continues, there is a risk that the efforts of UNODC will be focused on activities that are not central to its strategy.

79. **UNODC agreed with the Board's recommendation that, when each strategic document is updated, it clearly align: (a) the aims and objectives set out in the documents; and (b) the timing of preparation of future strategies and supporting documents, including the thematic programmes.**

80. The Strategic Planning Unit and the Programme Support and Oversight Unit of UNODC have produced, as a first step, a note on UNODC strategic alignment to facilitate the process.

## 10. Performance reporting and management

81. UNODC started developing a results-based management framework in 2003 as part of a change management project to improve the management of its operations and performance reporting. A project to facilitate the delivery of results-based management was established in 2005. The Board examined the progress of UNODC in embedding results-based management, focusing primarily on reporting within its Division for Operations, which accounts for 81 per cent of UNODC expenditure, and found that results-based management was not yet fully embedded in UNODC operations. The Board's findings are set out below.

*Performance indicators*

82. Performance can be effectively monitored and managed only if, from the outset, clear and measurable indicators are established to assess progress and delivery. The Board noted that UNODC had defined a large number of outcomes, outputs and performance indicators in its seven regional programmes (138 performance indicators on average, with 28 being the lowest and 207 being the highest; see table II.4). The high number of indicators inevitably have resource implications, in terms of the inputs required by UNODC to gather data to measure them. As noted below, the Board found examples of indicators in relation to which UNODC was not sure whether it could gather the information.

Table II.4
**Regional programmes of the United Nations Office on Drugs and Crime**
(Millions of United States dollars)

| | *Estimated budget requirement* | *Number of* | | | | |
|---|---|---|---|---|---|---|
| | | *Years* | *Countries* | *Outcomes* | *Outputs* | *Performance indicators* |
| West Africa | 191 | 5 | 23 | 12 | 39 | 125 |
| Eastern Africa | 41 | 4 | 13 | 31 | 69 | 137 |
| East Asia and the Pacific | 121 | 4 | 34 | 22 | 84 | 196 |
| Central America | 34 | 4 | 22 | 14 | 43 | 196 |
| South Eastern Europe | 4 | 2 | 5 | 10 | 23 | 81 |
| Arab States | 100 | 5 | 18 | 27 | 101 | 207 |
| Afghanistan and neighbouring countries | 63 | 4 | 8 | 11 | 28 | 28 |
| **Average** | **79** | **4** | **18** | **18** | **55** | **138** |

83. The Board found that the regional programmes were not focused on priorities but rather contained all of the activities that UNODC believes are needed in the region. Each of the regional representatives in the two regions that the Board visited (the Regional Centre for East Asia and the Pacific and the Regional Office for West and Central Africa) acknowledged that the complete delivery of their regional programmes highly dependent on whether funding was secured for all of the activities; both also acknowledged that this was unlikely within the life of the programmes. UNODC informed the Board that it was considering ways to improve the indicators and to place a greater emphasis on key priorities. The Board considers it important for UNODC to have the right balance between interim output and longer-term outcome indicators.

84. From its review of two regional programmes, the Board found that:

(a) The performance indicators for 12 of 14 outputs examined in detail, from a total population of 123 outputs, would not provide an adequate measure of performance. For example, output 3.3 of subprogramme 4, Promoting awareness and research, in the Regional Programme for West Africa, Improved availability and use of publicly accessible data on drugs and crime, did not include any indication of the expected level of change or improvement;

(b) Significant efforts would be required to secure the data for some indicators, and it was unclear whether the data was available or existed. For example, in the regional programme for East Asia and the Pacific, outcome 1.2, Trafficking in persons, lists relevant national Government agency records, victim support group records, periodic analysis of available data by UNODC, and periodic qualitative survey of selected countries by UNODC using structured stakeholder interviews and focus groups as the means of verification required to measure performance. The Regional Representative acknowledged that UNODC had not assessed whether it was able to secure all of this information.

85. The Board noted that such means of verification as relevant national agency records would be required for 20 indicators (some 10 per cent of the total number of

indicators) in the regional programme for East Asia and the Pacific, and for 22 indicators (about 18 per cent) in the regional programme for West and Central Africa. The regional representatives for both regions confirmed that the absence of baseline data in many of the countries with which they engaged was a barrier in developing strong performance data. Given these factors, this issue is likely to affect most, if not all, of the seven regional programmes.

86. It is important that outcomes, outputs and indicators align clearly with an organization's overall strategy. This is reflected in the Programme Logic Model approach recommended by the Secretary-General in The Change Plan: Proposals by the Change Management Team to the Secretary-General of December 2011. While the Board found that there was broad alignment between the regional programme outcomes of UNODC and its medium-term strategy, indicators at the individual project level were not clearly linked to those in the strategy. UNODC cannot, therefore, aggregate the indicators to provide an overall picture of performance, and senior management will be unable to determine whether effective progress is being made against UNODC strategic objectives.

87. **The Board recommends that, when updating each of its regional programmes, UNODC: (a) specify a realistic and achievable set of priorities for the period of each programme; (b) establish robust, realistic and measurable performance indicators; (c) identify a manageable number of key performance indicators balanced between outcome and output indicators; and (d) clearly link individual project performance indicators to the indicators set out in its strategic framework so as to allow the aggregation of the indicators and provide senior management with a clear assessment of progress against its strategic objectives.**

88. While UNODC was in broad agreement with the Board's recommendation, it stated that determining priorities could be difficult, owing to its reliance on voluntary contributions to deliver its programmes and the extent to which such contributions could influence activities. The Board remains of the view that, in the absence of clear priorities, UNODC risks undertaking peripheral activities within the regions at the expense of those that are considered essential to the delivery of its core objectives.

*Programme monitoring*

89. Progress towards the implementation of the regional programmes is not routinely reported or analysed by UNODC headquarters. As at 31 March 2012, only two regional programmes had been reviewed by the Programme Review Committee, despite three of the seven being due to end in 2012. Only one regional office (the Regional Centre for East Asia and the Pacific) provides a regular report to stakeholders on the progress of its programme.

90. **UNODC agreed with the Board's recommendation that it establish, by December 2012, a mechanism for reporting, both internally and to external stakeholders, progress on the implementation of the regional programmes.**

*Project development*

91. UNODC implements its mandates primarily through individual projects. In 2011, UNODC had approximately 369 ongoing projects worldwide, with a total

associated expenditure for the biennium of $398 million. The Board reviewed 13 of 81 projects under implementation by the Regional Centre for East Asia and the Pacific, in Bangkok, and the Regional Office for West and Central Africa, in Dakar, to determine whether they included:

(a) A clear articulation of the problem that the project is seeking to address;

(b) A baseline against which progress and success could be measured;

(c) A summary of the risks to successful delivery of the project and associated mitigation strategies.

92. The Board noted that:

(a) In 6 of the 13 projects, UNODC had not clearly articulated the problem that it was seeking to address;

(b) Only three projects set out a clear baseline against which future success could be measured, although in four of the remaining projects it was indicated that a baseline would be secured once the project commenced;

(c) While all of the projects contained a section on risk, the risks were limited to those outside of UNODC control. There was no mention of the risks that UNODC would need to manage to deliver the projects or of how risks would be addressed. Furthermore, none of the project budgets contained any element of contingency to manage risks or other unforeseen factors.

93. **UNODC agreed with the Board's recommendation that, by September 2012, all new project proposals: (a) clearly and succinctly define the problem that the project is intended to address; (b) establish a clear baseline against which to assess delivery, or provide a clear explanation of how the baseline will be established; (c) identify and document the material risks and mitigating actions, including setting aside an element of contingency within project budgets, to address unknown risks.**

94. UNODC has made changes to the template used to develop project proposals, although it will take time for the changes to take full effect. The Board notes that the new template should help to address the first point of the recommendation, but that there is no specific requirement to include baseline data. Nor has there been any change in relation to the Board's comment on risk. The Board remains of the view that baselines and all material risks and mitigating actions should be included in project proposals.

*Information management*

95. The Board examined performance reporting arrangements in the UNODC Division for Operations, which is responsible for the field office network, including the regional programmes. While the Division undertakes a range of performance reporting and quality assurance activities, the Board noted the following limitations:

(a) The quarterly monitoring report sent from field offices to the Director of the Division contains six high-level indicators, all related to either expenditure rates or compliance with internal processes. However, the report does not measure progress against agreed milestones;

(b) While project managers must prepare and submit annual and semi-annual progress reports, no one draws together the content of those reports to produce an overall picture of progress at the regional programme level for senior management;

(c) The overall planned expenditure for the year is profiled as a steadily rising straight line, from zero to the annual planned expenditure figure, despite projects rarely following such an expenditure profile in reality. Because monitoring is undertaken on a semi-annual basis, management risks pursuing clarification of underspending and overspending that may, in fact, be in line with projects' actual budgets, or missing real problems with project implementation.

96. **The Board recommended that, by December 2012, UNODC: (a) capture summary progress information on projects and programmes against milestones agreed at the beginning of the project or programme as part of its central monitoring process; and (b) monitor spending against a realistic forward profile of expected expenditure.**

97. While UNODC agreed with the Board's recommendation, it noted that current information technology systems limited its ability to derive the performance information needed to run its business effectively. It is difficult to secure timely financial programme information on regional activity, and the systems are not able to generate financial reports for donors. In 2011, UNODC generated 555 reports to donors, all of which were produced manually.

98. The Board noted that UNODC was seeking to develop its systems in order to strengthen business processes and reporting mechanisms. For example, the Finance Section is developing an application that would make donor reporting easier; the Strategic Planning Unit is developing an application to help project managers align UNODC strategy and projects when developing the latter; and the Independent Evaluation Unit is developing an evaluation tracking system. However, these activities could be more strategically coordinated.

99. The Board found examples of innovation and new ways of working that could benefit other areas of the Office:

(a) The Regional Representative for Bangkok has developed a performance reporting dashboard to summarize the financial position on all regional projects in a single document. This also allows him to identify and follow up variances against projected expenditure profiles with project coordinators in the field;

(b) The Country Representative for Pakistan has developed a management reporting system that attempts to link project progress to the achievement of outcomes. This provides a view of how individual activities within projects contribute to country-level outputs and outcomes and a basis to secure donor funding for outputs and outcomes, rather than specific projects.

100. **UNODC agreed with the Board's recommendation that, by mid-2012, it: (a) coordinate the computer application improvement projects being undertaken by the Finance Section, the Strategic Planning Unit and the Independent Evaluation Unit; and (b) implement the changes necessary to address the performance reporting limitations in its information technology systems, taking account of current developments in those sections and of the dashboard tool of the Regional Centre for East Asia and the Pacific and the management reporting system of the Country Office for Pakistan.**

101. UNODC stated that it planned to establish a team to coordinate activities and implement the necessary improvements.

*Evaluation*

102. It is important that projects and programmes be evaluated to provide assurance that funding has been used for its intended purpose and that expenditure has provided value for money. Evaluation also informs future activity by collating, analysing and sharing experience and learning.

103. UNODC proposes to evaluate all seven of its existing regional programmes between 2012 and 2015. The Board noted that robust results frameworks with measurable indicators were not in place for the regional programmes; this will require evaluators to determine, retrospectively, the success measures for the programmes. This is not good practice and creates a risk that evaluation will focus on what has been achieved rather than what should or could have been achieved.

104. UNODC informed the Board that the regional programme for East Asia and the Pacific would be the first to be evaluated, by a team of independent consultants, with the UNODC Independent Evaluation Unit carrying out quality assurance. UNODC informed the Board that it would be preparing the evaluation in accordance with its internal guidance on performing in-depth evaluations. However, given the significance of the regional programmes and the absence of success measures highlighted by the Board, it is vital that UNODC establish the detailed methodology for the evaluation at an early stage, including baseline information against which progress can be measured.

105. **The Board recommends that UNODC: (a) establish a detailed methodology for evaluating the regional programme for East Asia and the Pacific; (b) use the experience to inform the methodology for the remaining regional programmes; and (c) complete the evaluations in time to inform future regional programme development.**

106. UNODC indicated that it planned to use its documented procedure for in-depth evaluations, which would form the methodology. However, the Board maintains the view that a more detailed methodology, one specific to the regional programmes, should be a matter of priority. The Board acknowledges that the retrospective identification of success measures poses challenges and that UNODC will need to consider carefully how much resource to expend on such activities.

107. Evaluation is a joint process in which project and programme managers are expected to identify, plan for and undertake or commission evaluations of projects, with the UNODC Independent Evaluation Unit providing advice and guidance. UNODC has invested in the Unit during the biennium, increasing its human resources from one to three Professional staff, although the third staff member was still to be recruited at the time of the Board's final audit.

108. UNODC was unable to provide the Board with information on the extent of evaluation at the project level, including the number of projects due to be evaluated in 2011, expenditure on evaluations, and the common themes or lessons that have emerged from completed evaluations. However, the Independent Evaluation Unit has prepared ad hoc summaries of evaluation findings for two regions to help illustrate to managers how to analyse evaluation findings, and it is developing an

evaluation portal to place all evaluation plans online and automate the collation of findings, conclusions and recommendations from individual evaluations.

109. It will be important that UNODC analyse its evaluations in order to identify lessons and good practices. While the Independent Evaluation Unit could carry out the analysis, it is not clear that it will do so on an ongoing basis. Regardless of who undertakes the analysis, it is important that the lessons be systematically disseminated and applied in programme design and implementation by the relevant sections throughout UNODC.

110. Finally, the Board notes that the Independent Evaluation Unit has proposed an indicative budget for individual project evaluation (2-3 per cent of the overall project budget). While the responsibility both for setting the necessary funds aside and for commissioning the evaluation rests with individual project managers, the Board considers that there may be economies of scale and expertise if the Independent Evaluation Unit, once it is fully operational, coordinates and manages this activity.

111. **The Board recommends that in 2012 UNODC: (a) determine how best to regularly collate and analyse project evaluation reports in order to identify and disseminate lessons or recurring problems; (b) allocate responsibility for implementing any necessary improvements to the relevant sections; and (c) determine the most effective and efficient way to coordinate and manage budgets for evaluations.**

112. UNODC informed the Board that the Independent Evaluation Unit's development of the online portal would help to support the sharing of lessons and that it would consider how best to analyse and disseminate the lessons. UNODC is of the view that it is for individual project and programme managers to analyse the findings of evaluations in their region and determine the lessons most relevant to their projects. However, the Board considers that lessons are likely to be of value beyond geographical boundaries and that review of all evaluations by individual project managers is an inefficient way to disseminate lessons. Furthermore, until the portal is developed, it is unclear to the Board whether it will provide helpful analysis. UNODC informed the Board that it would consider the scope for the Independent Evaluation Unit to coordinate and manage evaluation budgets, but believed that the resource implications were likely to be too great for what is a relatively small team.

## D. Disclosures by management

### 1. Write-off of cash, receivables and property

113. UNODC informed the Board that, in accordance with rule 106.8 of the Financial Regulations and Rules of the United Nations, $8.197 million worth of losses in cash and receivables had been written off for the biennium 2010-2011 (compared with $1.975 million for 2008-2009). In accordance with rule 106.9, losses amounting to $27.21 million (compared with $3.73 million for 2008-2009), had been written off in respect of non-expendable property, as a result of the concentrated effort of UNODC to cleanse the data relating to its non-expendable property.

### 2. Ex gratia payments

114. As required by financial rule 105.12, UNODC reported no ex gratia payments for the period under review (compared with $10,460 for 2008-2009).

### 3. Cases of fraud and presumptive fraud

115. No instances of fraud or presumptive fraud were identified by the Board or communicated by UNODC to the Board during the reporting period.

## E. Acknowledgement

116. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Under-Secretary-General and members of his staff.

(*Signed*) **Liu** Jiayi
Auditor-General of China
Chair of the Board of Auditors

(*Signed*) Amyas **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
(Lead Auditor)

(*Signed*) Terence **Nombembe**
Auditor-General of South Africa

30 June 2012

# Annex

## Status of implementation of the Board's recommendations for the biennium ended 31 December 2009[a]

| *Summary of recommendation* | *Paragraph reference* | *Financial period first made* | *Fully implemented* | *Partially implemented* | *Not implemented* | *Overtaken by events* |
|---|---|---|---|---|---|---|
| Prepare for the migration to and implementation of Umoja | 32 | 2008-2009 | | | X | |
| Statement of income and expenditure should include those from the United Nations regular budget | 39 | 2008-2009 | | | X | |
| Revisit accounting treatment of education grants | 48 | 2008-2009 | | | | X |
| Follow up and monitor unpaid pledges | 53 | 2008-2009 | X | | | |
| Formal prior approval of the revision of the budget for the biennium 2008-2009 | 58 | 2008-2009 | X | | | |
| End-of-service liabilities — funding plan | 66 | 2006-2007 | | | X | |
| End-of-service liabilities — valuation of leave | 75 | 2008-2009 | | X | | |
| End-of-service liabilities — accuracy of data used in calculation | 79 | 2008-2009 | X | | | |
| End-of-service liabilities — modify notes | 84 | 2008-2009 | X | | | |
| Country office bank account | 104 | 2008-2009 | X | | | |
| Implementing partners' expenditure | 112 | 2008-2009 | | X | | |
| Non-expendable property/inventory formal internal control procedures | 117 | 2006-2007 | | X | | |
| Non-expendable property/inventory process | 118 | 2006-2007 | | X | | |
| OIOS memorandum of understanding | 124 | 2008-2009 | X | | | |
| OIOS field office recommendations | 136 | 2008-2009 | | X | | |
| **Total** | | **15** | **6** | **5** | **3** | **1** |
| **Percentage** | | **100** | **40** | **33** | **20** | **7** |

[a] See A/65/5/Add.9.

# Chapter III
## Certification of the financial statements

The financial statements of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund for the biennium ended 31 December 2011 have been prepared in accordance with rule 106.10 and article VII of the Financial Regulations and Rules of the United Nations.

In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the Drug Programme Fund and the Crime Programme Fund and for submitting these accounts and related financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Assembly.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes and the accompanying schedules provide additional information and clarification of the financial activities undertaken by UNODC during the period covered by the statements.

I certify that the appended financial statements of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund are correct on the basis of our records and reports from executing agencies.

(*Signed*) Yury **Fedotov**
Executive Director
United Nations Office on Drugs and Crime

30 March 2012

# Chapter IV
# Financial report for the biennium ended 31 December 2011

## A. Introduction

1. The financial statements of the Fund of the United Nations International Drug Control Programme, established pursuant to General Assembly resolution 45/179, and the United Nations Crime Prevention and Criminal Justice Fund, established pursuant to Assembly resolution 46/152, for the biennium ended 31 December 2011 have been prepared in accordance with rule 106.10 and article VII of the Financial Regulations and Rules of the United Nations.

2. In accordance with General Assembly resolutions 46/185 C and 61/252, the Executive Director of UNODC is responsible for the accounts of the Funds and for submitting these accounts and related financial statements to the Board of Auditors, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice and the Assembly.

3. The financial statements for the biennium ended 31 December 2011 present a consolidated account of the Funds of the Drug Programme and the Crime Programme, as well as separate accounts for each of these Funds. A summary of significant accounting policies applied in the preparation of these statements are included as notes to the financial statements. These notes and the accompanying schedules provide additional information and clarification of the activities undertaken by UNODC during the period covered by these statements.

4. Copies of these statements are made available to the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice, the Advisory Committee on Administrative and Budgetary Questions, the Board of Auditors and the United Nations Controller.

5. Regular budget resources for UNODC are approved by the General Assembly in sections 16 and 22 of the programme budget of the United Nations. Those resources will be included in the financial report and audited financial statements of the United Nations for the biennium ended 31 December 2011 (A/67/5 (Vol. I)). To present a consolidated picture of UNODC resources, information on regular budget resources for UNODC is included in the present financial report, even though the regular budget is not part of the financial statements.

## B. Overview

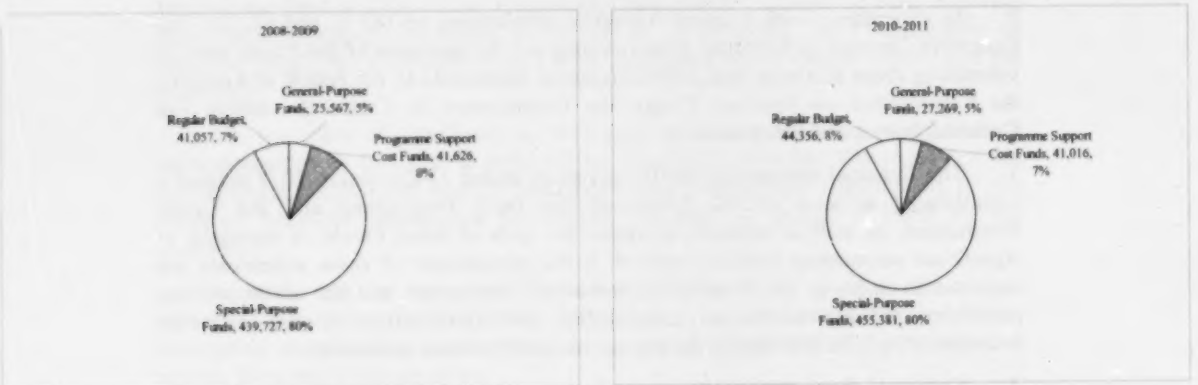
### Income and expenditure by source of funding

6. The consolidated resources of UNODC remained stable in the biennium 2010-2011, as can be seen in table IV.1 and figure IV.I below, with a total increase in voluntary contribution income of 3 per cent due to an increase in extrabudgetary income in the United Nations Crime Prevention and Criminal Justice Fund, and an increase of 8 per cent from the regular budget.

7. The stable level of total income in extrabudgetary funds in the biennium 2010-2011 demonstrates that donors continue to show confidence in the ability of UNODC to provide assistance to Member States in their struggle against illicit

drugs, crime and terrorism in all its forms and manifestations, as per its mandate. Although voluntary contributions continued to be provided to UNODC at the same rate as in the previous biennium, with a net 3 per cent increase in income, there has been a shift in the funding provided to the two Funds, with the United Nations Crime Prevention and Criminal Justice Fund having an income increase of 57 per cent (an additional $85.9 million) and a decrease in the Fund of the United Nations International Drug Control Programme of 19 per cent, or $69.1 million.

Figure IV.I
**Income of the United Nations Office on Drugs and Crime, by source of funding**
(Thousands of United States dollars)




8. This shift is also reflected in UNODC programme delivery for the biennium, as expenditure increased by 29 per cent for the Crime Programme Fund while it decreased by 13 per cent in the Drug Programme Fund, maintaining the same total level of expenditure.

9. The allocation of United Nations regular budget resources to the programme of UNODC for the biennium 2010-2011 included a slight increase (8 per cent) due to nine additional posts approved for the review mechanism of the United Nations Convention against Corruption, as well as rate of exchange, post incumbency and other changes. These figures are summarized in table IV.1 below.

Table IV.1
**Income and expenditure, by source of funding**
(Thousands of United States dollars)

| | *Biennium* | | | |
|---|---|---|---|---|
| | *2008-2009* | | *2010-2011* | |
| | *Income* | *Expenditure* | *Income* | *Expenditure* |
| Drug Programme Fund | 355 648 | 321 522 | 286 507 | 278 334 |
| Crime Programme Fund | 151 273 | 133 613 | 237 159 | 171 812 |
| Regular Budget | 41 057 | 40 964 | 44 356 | 44 060 |
| **Total** | **547 978** | **496 099** | **568 021** | **494 206** |

10. Statements I, II and VII and schedules 1, 4 and 5 of the financial statements summarize the consolidated results of activities funded from the and Funds of the Drug Programme and the Crime Programme, which account for all UNODC activities other than those funded by the United Nations, primarily from its regular budget.

11. General-purpose funds are non-earmarked resources that finance the executive direction and management of UNODC, as well as programme costs both at headquarters in Vienna and in the field. They are also used to fund advances for projects and other field operations. Programme support cost funds are resources recovered through the application of a charge against activities funded from special-purpose contributions. As approved in resolution 50/14 of the Commission on Narcotic Drugs and resolution 16/6 of the Commission on Crime Prevention and Criminal Justice, starting in 2008 UNODC reported programme support resources as a separate category of funds, while in previous bienniums such resources were classified as general-purpose funds. Special-purpose funds are earmarked voluntary contributions that finance the Office's technical cooperation and other substantive activities at headquarters and in the field.

12. Total general-purpose income increased by 7 per cent (from $25.6 million for the biennium 2008-2009 to $27.3 million for 2010-2011 — see table IV.2 below) and reflects a one-time $7 million contribution to the Fund received in 2010. Although this additional funding has helped the general-purpose funds to maintain a stable position during the biennium, the decline in voluntary contributions to the general-purpose funds, which started in 2009, has not been reversed, and the level of contributions is still lower than that for the biennium 2006-2007. The budget for 2010-2011 had projected a reduction in the general-purpose income; a drastic reduction of expenditure from the levels incurred in 2009 was therefore proposed. The expenditure of $20.9 million for the biennium 2010-2011 reflects a reduction of 23 per cent, compared with $27.3 million for 2008-2009.

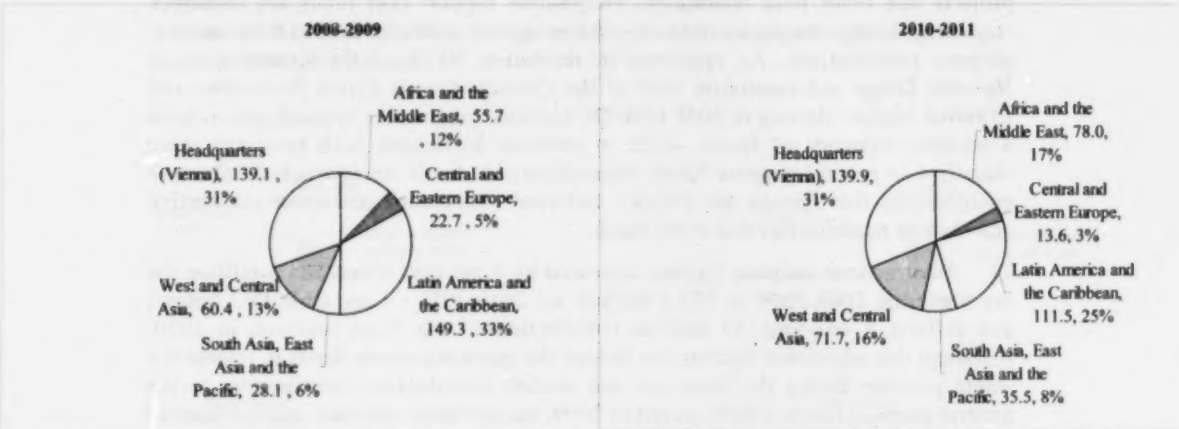
Table IV.2
**Income and expenditure, by source of funding**
(Thousands of United States dollars)

| | *Biennium* | | | |
|---|---|---|---|---|
| | *2008-2009* | | *2010-2011* | |
| | *Income* | *Expenditure* | *Income* | *Expenditure* |
| General-purpose funds | 25 567 | 27 287 | 27 269 | 20 943 |
| Programme support cost funds | 41 626 | 26 343 | 41 016 | 30 799 |
| Special-purpose funds | 439 727 | 401 506 | 455 381 | 398 404 |
| **Total** | **506 920** | **455 135** | **523 666** | **450 146** |

13. Within the context of a stable total level of extrabudgetary funds, the level of expenditure shows growth in Africa and the Middle East, where major programmatic initiatives are being implemented following the endorsement and the launch of the UNODC regional programmes for East Africa, West Africa (including Nigeria) and the Arab States and the launch of a number of new national programmes in West Africa. Overall expenditure in Latin America and the

Caribbean was reduced, owing to a number of activities concluded as planned, while programme expenditure in West and Central Asia showed moderate growth. Expenditure changes from 2008-2009 to 2010-2011 are shown in figure IV.II below.

Figure IV.II
**Expenditure of the United Nations Office on Drugs and Crime, by region**
(Thousands of United States dollars)


2008-2009
Africa and the Middle East, 55.7, 12%
Headquarters (Vienna), 139.1, 31%
Central and Eastern Europe, 22.7, 5%
West and Central Asia, 60.4, 13%
Latin America and the Caribbean, 149.3, 33%
South Asia, East Asia and the Pacific, 28.1, 6%
2010-2011
Africa and the Middle East, 78.0, 17%
Headquarters (Vienna), 139.9, 31%
Central and Eastern Europe, 13.6, 3%
Latin America and the Caribbean, 111.5, 25%
West and Central Asia, 71.7, 16%
South Asia, East Asia and the Pacific, 35.5, 8%

14. The distribution of expenditure for the bienniums 2008-2009 and 2010-2011 across broad categories is shown in table IV.3 below. The minimal growth in staff costs represents the reduction in contractual services.

Table IV.3
**Expenditure of the United Nations Office on Drugs and Crime, by object of expenditure**
(Thousands of United States dollars)

| | *Biennium* | |
|---|---|---|
| | *2008-2009* | *2010-2011* |
| Staff and other personnel costs | 174 804 | 197 873 |
| Travel | 23 818 | 23 473 |
| Contractual services | 138 232 | 113 299 |
| Operating expenses | 31 110 | 35 190 |
| Acquisitions | 37 486 | 32 494 |
| All other expenses | 49 685 | 47 817 |
| **Total** | **455 135** | **450 146** |

### Fund of the United Nations International Drug Control Programme

15. Statements III and IV and schedule 2 of the accounts summarize the results of the Fund of the United Nations International Drug Control Programme. The corresponding notes explain the accounting policies applied in the preparation of these statements and provide additional information and clarification of the financial activities undertaken during the biennium 2010-2011. The financial performance of the Fund is summarized in table IV.4 below.

Table IV.4
**Income and expenditure of the Fund of the United Nations International Drug Control Programme**
(Thousands of United States dollars)

| | *Biennium* | | | |
|---|---|---|---|---|
| | *2008-2009* | | *2010-2011* | |
| | *Income* | *Expenditure* | *Income* | *Expenditure* |
| General-purpose funds | 19 720 | 20 755 | 21 233 | 16 691 |
| Programme support cost funds | 30 597 | 18 981 | 25 028 | 21 880 |
| Special-purpose funds | 305 331 | 281 787 | 239 446 | 239 763 |
| **Total** | **355 648** | **321 522** | **286 507** | **278 334** |

16. General-purpose income, comprising voluntary contributions, interest and miscellany, increased by $1.5 million (8 per cent), from $19.7 million in 2008-2009 to $21.2 million in 2010-2011. The voluntary contributions component of the total income increased by $1.9 million (10 per cent), from $18.6 million in 2008-2009 to $20.5 million in 2010-2011; the one-time contribution to the Fund by one donor helped to counter the drastic decreases in general-purpose contributions from several major donors.

17. Programme support income decreased by 16 per cent ($4.8 million), from $30.6 million in 2008-2009 to $25.8 million in 2010-2011, owing mainly to the decrease of the Programme's expenditure in special-purpose funds, which went from $281.8 million to $239.8 million in 2010-2011, a 15 per cent decrease amounting to $42 million.

18. Special-purpose funds income also decreased, by $65.9 million (22 per cent), from $305.3 million in 2008-2009 to $239.4 million in 2010-2011, shifting the weight of UNODC programme delivery for the biennium from the Drug Programme Fund to the Crime Programme Fund, as referred to in paragraph 8.

### United Nations Crime Prevention and Criminal Justice Fund

19. Statements V and VI and schedule 3 of the accounts summarize the results of the United Nations Crime Prevention and Criminal Justice Fund. The corresponding notes explain the accounting policies applied in the preparation of these statements and provide additional information and clarification of the financial activities undertaken during the biennium 2010-2011. The financial performance of the Fund is summarized in table IV.5 below.

Table IV.5
**Income and expenditure of the United Nations Crime Prevention and Criminal Justice Fund**
(Thousands of United States dollars)

| | *Biennium* | | | |
|---|---|---|---|---|
| | *2008-2009* | | *2010-2011* | |
| | *Income* | *Expenditure* | *Income* | *Expenditure* |
| General-purpose funds | 5 848 | 6 532 | 6 036 | 4 251 |
| Programme support cost funds | 11 029 | 7 362 | 15 188 | 8 919 |
| Special-purpose funds | 134 396 | 119 719 | 215 935 | 158 641 |
| **Total** | **151 273** | **133 613** | **237 159** | **171 812** |

20. General-purpose income had a minor increase of 3 per cent, from $5.8 million in 2008-2009 to $6 million in 2010-2011, fully in the voluntary contributions component. Programme support income increased by $4.1 million (38 per cent), from $11 million in 2008-2009 to $15.1 million in 2010-2011, owing to the increased level of expenditure in the special-purpose funds. Programme support expenditure was kept at $8.9 million (a 21 per cent increase from 2008-2009), a level lower than that of income earned during the same period.

21. Special-purpose income increased by $81.5 million (61 per cent), from $134.4 million in 2008-2009 to $215.9 million in 2010-2011, while the special-purpose expenditure increased by $38.9 million (33 per cent), from $119.7 million in 2008-2009 to $158.6 million in 2010-2011.

**Challenges and changes, 2010-2011 and beyond**

22. In 2009, UNODC faced a difficult financial situation characterized by a sharp and unexpected decline in general-purpose income, exacerbated by the global financial crisis. During the biennium 2008-2009, general-purpose voluntary contributions dropped by 17 per cent, to $24.3 million. In view of the financial difficulties, the consolidated budget for the biennium 2010-2011 for UNODC was fiscally austere, which is reflected in the lower level of expenditure in the general-purpose funds ($6.3 million below the expenditure for the biennium 2008-2009).

23. In view of the prevailing global economic situation, UNODC continues its efforts to contain general-purpose costs, as reflected in its budgets and reduced expenditure levels. In addition, UNODC continued in 2010-2011 with a prudent approach in the management of programme support cost funds by keeping the expenditure level lower than the income (25 per cent in 2010-2011) to ensure the building up of a prudent set of fund reserves.

24. The level of special-purpose funds in proportion to general-purpose funds continues to place considerable strain on UNODC programmes and programme support services, which are funded from declining multilateral core resources (general-purpose funds and the regular budget). Most voluntary contributions are tightly earmarked to specific projects and leave little operating flexibility to respond to complex programming and management improvement initiatives.

**International Public Sector Accounting Standards**

25. Pursuant to resolution 60/283, in which the General Assembly approved the adoption of IPSAS for the presentation of financial statements of the United Nations, including UNODC, and in conformity with the Secretary-General's most recent progress report on the adoption of IPSAS by the United Nations (A/66/379), UNODC has commenced preparatory activities that would enable its adoption of IPSAS and the issuance of IPSAS-compliant financial statements beginning in 2014.

26. In this connection, UNODC is currently undertaking activities on: (a) evaluation of the impact of the IPSAS framework on existing accounting records, processes and systems; (b) training of staff and other change management initiatives; (c) data preparation and construction of IPSAS-compliant opening balances; and (d) taking an active role in the system-wide IPSAS Steering Committee.

27. It must be noted that the adoption of IPSAS could, potentially, materially change the scope, presentation and timing of the financial statements of the Fund of the United Nations International Drug Control Programme and the United Nations Crime Prevention and Criminal Justice Fund and would enhance transparency and cross comparison with other international organizations, Governments and other public sector entities that have already adopted the standards.

**After-service health insurance**

28. Attention is drawn to note 7 to the financial statements explaining liabilities arising from end-of-service and post-retirement-benefit obligations of the Funds of the Drug Programme and the Crime Programme.

29. On the basis of note 7 and recent actuarial valuation, the present value of the accrued liability as at 31 December 2011 was estimated at $21,909,417 for the Fund of the Drug Programme and $8,268,583 for the Fund of the Crime Programme, compared with an estimated liability of $10,392,000 for the Fund of the Drug Programme and $4,084,000 for the Fund of the Crime Programme as at 31 December 2009. This increase of $15,702,000 mainly reflects an actuarial loss of $9 million resulting from a change in the assumption for discount rates from 6.0 per cent as at 31 December 2009 to 4.5 per cent as at 31 December 2011.

30. While UNODC is currently actively liaising with United Nations Headquarters for a common United Nations-wide policy on the systematic funding of such liabilities and the modality of funding of the liabilities already accrued in the past years, totalling $42.2 million in 2011 ($24.7 million in 2009), such liabilities have been temporarily disclosed as offsets to fund reserves; see note 8 to the financial statements. The $42.2 million worth of after-service health insurance and end-of-service liabilities is funded as follows: $7.3 million (17 per cent) from the accrued reserves, $25.3 million (60 per cent) from the general-purpose fund balance, $8 million (19 per cent) from the programme support fund balance and $1.5 million (4 per cent) from the special-purpose fund.

# Chapter V
# Financial statements for the biennium ended 31 December 2011

Statement I

**Consolidated income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011**

(United States dollars)

| | *Reference* | *General purpose* | *Special purpose* | *Programme support* | *Eliminations* | *Total* 2010-2011 | *Total* 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Voluntary contributions | Schedules 2 and 3 | 26 355 102 | 457 985 916 | | | 484 341 018 | 460 380 219 |
| Funds received under inter-organization arrangements | Schedules 2 and 3 | | 28 787 965 | | | 28 787 965 | 31 207 080 |
| Other/miscellaneous income | | | | | | | |
| Programme support income | Schedule 5 | | | 40 396 643 | (40 396 643) | | |
| Interest income | | 505 677 | 7 467 558 | 459 401 | | 8 432 636 | 13 177 813 |
| Miscellaneous income | | 408 201 | 1 535 792 | 160 136 | | 2 104 129 | 2 155 259 |
| **Total income** | | **27 268 980** | **495 777 231** | **41 016 180** | **(40 396 643)** | **523 665 748** | **506 920 371** |
| **Expenditure** | Schedule 4 | | | | | | |
| Staff and other personnel costs | | 18 767 764 | 154 175 240 | 24 948 472 | (18 271) | 197 873 205 | 174 803 821 |
| Travel | | 542 114 | 22 250 930 | 688 883 | (8 960) | 23 472 967 | 23 817 722 |
| Contractual services | | 208 684 | 112 776 676 | 313 621 | | 113 298 981 | 138 232 434 |
| Operating expenses | | 1 130 567 | 31 095 260 | 2 966 432 | (2 604) | 35 189 655 | 31 109 755 |
| Acquisitions | | 252 488 | 30 752 094 | 1 490 789 | (1 052) | 32 494 319 | 37 486 133 |
| Other | | 41 139 | 45 719 628 | 390 894 | | 46 151 661 | 48 459 607 |
| Programme support costs — implementing partners | Schedule 5 | | 1 683 580 | | (18 200) | 1 665 380 | 1 225 828 |
| **Total direct expenditure** | | **20 942 756** | **398 453 408** | **30 799 091** | **(49 087)** | **450 146 168** | **455 135 300** |
| Programme support costs — UNODC | Schedule 5 | | 40 396 643 | | (40 396 643) | | |
| **Total expenditure** | | **20 942 756** | **438 850 051** | **30 799 091** | **(40 445 730)** | **450 146 168** | **455 135 300** |
| **Excess (shortfall) of income over expenditure** | | **6 326 224** | **56 927 180** | **10 217 089** | **49 087** | **73 519 580** | **51 785 071** |

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| Prior-period adjustments | Note 4 | (161 480) | (8 211 066) | | 272 451 | (8 100 095) | (2 260 530) |
| Net changes in provisions and reserves | | | (803 731) | | | (803 731) | 2 216 089 |
| **Net excess (shortfall) of income over expenditure** | | **6 164 744** | **47 912 383** | **10 217 089** | **321 538** | **64 615 754** | **51 740 630** |
| Transfers to (from) other funds | Schedules 2 and 3 | 952 473 | 3 150 958 | (2 606 332) | | 1 497 099 | |
| Refunds to donors | | | (3 903 326) | | 10 640 | (3 892 686) | (1 603 226) |
| Other adjustments to reserves and fund balances | Note 8 | (10 205 060) | (598 362) | (5 013 964) | | (15 817 386) | (4 587 962) |
| Reserves and fund balances, beginning of period | | 16 904 019 | 267 277 124 | 15 482 896 | (332 178) | 299 331 861 | 253 782 419 |
| **Reserves and fund balances, end of period** | | **13 816 176** | **313 838 777** | **18 079 689** | | **345 734 642** | **299 331 861** |

The accompanying notes and schedules are an integral part of the financial statements.

## Statement II
## Consolidated assets, liabilities and reserves and fund balances as at 31 December 2011
(United States dollars)

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and term deposits | | 8 530 665 | 34 615 657 | 6 218 928 | | 49 365 250 | 29 568 457 |
| Investments in offices away from Headquarters cash pool | Note 6 | 29 236 499 | 254 932 864 | 14 272 561 | | 298 441 924 | 245 823 540 |
| Accounts receivable | | | | | | | |
| Voluntary contributions receivable | Schedules 2 and 3 | 1 414 733 | 133 299 211 | | | 134 713 944 | 128 320 263 |
| Inter-fund balances receivable | | | 174 439 397 | 11 642 068 | | 186 081 465 | 102 019 387 |
| Advances to implementing partners | Note 5 | | 11 639 681 | | | 11 639 681 | 10 913 322 |
| Other receivables | | 219 269 | 1 366 127 | 212 866 | | 1 798 262 | 1 790 145 |
| Other assets | Note 2 | 98 411 | 363 672 | 582 276 | | 1 044 359 | 2 537 449 |
| **Total assets** | | **39 499 577** | **610 656 609** | **32 928 699** | | **683 084 885** | **520 972 562** |
| **Liabilities** | | | | | | | |
| Unliquidated obligations — current period | | 542 539 | 14 709 363 | 390 434 | | 15 642 336 | 14 137 890 |
| Unliquidated obligations — future periods | Note 2 | | | 413 000 | | 413 000 | 2 050 670 |
| Accounts payable | | | | | | | |
| Inter-fund balances payable | | | 183 131 606 | 1 509 816 | | 184 641 422 | 104 747 703 |
| Advances due to implementing partners | Note 5 | | 1 391 375 | | | 1 391 375 | 1 318 558 |
| Other payables | | 1 874 770 | 1 851 417 | 151 224 | | 3 877 411 | 1 409 368 |
| Deferred income | Schedules 2 and 3 | | 87 854 289 | | | 87 854 289 | 72 812 285 |
| End-of-service and post-retirement liabilities | Note 7 | 23 266 092 | 6 582 000 | 12 384 536 | | 42 232 628 | 24 670 176 |
| **Total liabilities** | | **25 683 401** | **295 520 050** | **14 849 010** | | **336 052 461** | **221 146 651** |
| **Reserves and fund balances** | | | | | | | |
| Reserves for allocations | Schedule 5 | | 1 297 782 | | | 1 297 782 | 494 050 |
| Fund balances | | 13 816 176 | 313 838 777 | 18 079 689 | | 345 734 642 | 299 331 861 |
| **Total reserves and fund balances** | | **13 816 176** | **315 136 559** | **18 079 689** | | **347 032 424** | **299 825 911** |
| **Total liabilities and reserves and fund balances** | | **39 499 577** | **610 656 609** | **32 928 699** | | **683 084 885** | **520 972 562** |

The accompanying notes and schedules are an integral part of the financial statements.

Statement III

## Fund of the United Nations Drug International Control Programme

### Income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011

(United States dollars)

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Voluntary contributions | Schedule 2 | 20 482 119 | 240 392 282 | | | 260 874 401 | 323 994 606 |
| Funds received under inter-organization arrangements | Schedule 2 | | 20 649 852 | | | 20 649 852 | 23 044 919 |
| Other/miscellaneous income | | | | | | | |
| Programme support income | Schedule 5 | | | 25 438 573 | (25 438 573) | | |
| Interest income | | 431 102 | 3 773 013 | 292 831 | | 4 496 946 | 7 714 762 |
| Miscellaneous income[a] | | 319 602 | 69 252 | 96 899 | | 485 753 | 893 471 |
| **Total income** | | **21 232 823** | **264 884 399** | **25 828 303** | **(25 438 573)** | **286 506 952** | **355 647 757** |
| **Expenditure** | Schedule 4 | | | | | | |
| Staff and other personnel costs | | 14 576 890 | 87 729 662 | 17 941 666 | | 120 248 218 | 111 934 204 |
| Travel | | 526 868 | 12 144 442 | 483 975 | | 13 155 285 | 16 099 762 |
| Contractual services | | 207 475 | 83 800 359 | 115 395 | | 84 123 229 | 122 500 958 |
| Operating expenses[b] | | 1 086 455 | 16 559 870 | 1 836 373 | | 19 482 698 | 24 130 515 |
| Acquisitions | | 252 488 | 18 773 373 | 1 334 179 | | 20 360 040 | 25 619 463 |
| Other | | 41 139 | 20 035 339 | 168 294 | | 20 244 772 | 20 215 622 |
| Programme support costs — implementing partners | Schedule 5 | | 720 012 | | | 720 012 | 1 021 416 |
| **Total direct expenditure** | | **16 691 315** | **239 763 057** | **21 879 882** | | **278 334 254** | **321 521 939** |
| Programme support costs — UNODC | Schedule 5 | | 25 438 573 | | (25 438 573) | | |
| **Total expenditure** | | **16 691 315** | **265 201 630** | **21 879 882** | **(25 438 573)** | **278 334 254** | **321 521 939** |
| **Excess (shortfall) of income over expenditure** | | **4 541 508** | **(317 231)** | **3 948 421** | | **8 176 698** | **34 125 818** |
| Prior-period adjustments | Note 4 | (16 073) | (6 000 511) | | | (6 016 584) | (2 082 575) |
| Net changes in provisions and reserves | | | 379 492 | | | 379 492 | 1 266 335 |
| **Net excess (shortfall) of income over expenditure** | | **4 525 435** | **(5 938 250)** | **3 948 421** | | **2 535 606** | **33 309 578** |

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| Transfers to (from) other funds[c] | Schedule 2 | (230 576) | (3 230 615) | (2 367 393) | | (5 828 584) | 494 986 |
| Refunds to donors | | | (1 845 837) | | | (1 845 837) | (781 796) |
| Other adjustments to reserves and fund balances | Note 8 | (8 133 522) | | (3 827 488) | | (11 961 010) | (515 080) |
| Reserves and fund balances, beginning of period | | 14 639 780 | 153 187 490 | 11 397 010 | | 179 224 280 | 146 716 591 |
| **Reserves and fund balances, end of period** | | **10 801 117** | **142 172 788** | **9 150 550** | | **162 124 455** | **179 224 279** |

[a] Includes $345,149 savings on cancellation of prior-period obligations.
[b] Includes exchange losses of $6,233,105.
[c] Includes $775,612 transfer of interest income from special-purpose to general-purpose funds and $546,188 transfer of exchange losses from special-purpose to general-purpose funds.

The accompanying notes are an integral part of the financial statements.

Statement IV

## Fund of the United Nations International Drug Control Programme

### Assets, liabilities and reserves and fund balances as at 31 December 2011

(United States dollars)

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and term deposits[a] | | 8 530 665 | 34 074 769 | 6 218 928 | | 48 824 362 | 29 303 766 |
| Investments in offices away from Headquarters cash pool[b] | Note 6 | 19 520 987 | 77 974 360 | 14 230 967 | | 111 726 314 | 126 830 502 |
| Accounts receivable | | | | | | | |
| Voluntary contributions receivable | Schedule 2 | 1 407 692 | 67 014 956 | | | 68 422 648 | 78 791 209 |
| Inter-fund balances receivable | | | 40 731 472 | | | 40 731 472 | 17 346 713 |
| Advances to implementing partners | Note 5 | | 7 930 501 | | | 7 930 501 | 9 772 165 |
| Other receivables | | 166 786 | 1 151 540 | 141 080 | | 1 459 406 | 1 431 367 |
| Other assets[c] | Note 2 | 84 194 | 196 403 | 430 776 | | 711 373 | 1 702 182 |
| **Total assets** | | **29 710 324** | **229 074 001** | **21 021 751** | | **279 806 076** | **265 177 904** |
| **Liabilities** | | | | | | | |
| Unliquidated obligations — current period | | 397 541 | 3 850 929 | 269 964 | | 4 518 434 | 5 441 163 |
| Unliquidated obligations — future periods | Note 2 | | | 309 750 | | 309 750 | 1 412 511 |
| Accounts payable | | | | | | | |
| Inter-fund balances payable | | | 37 091 647 | 1 509 816 | | 38 601 463 | 21 604 032 |
| Advances due to implementing partners | Note 5 | | 1 391 375 | | | 1 391 375 | 1 318 558 |
| Other payables | | 1 774 770 | 709 922 | | | 2 484 692 | 42 236 |
| Deferred income | Schedule 2 | | 40 406 824 | | | 40 406 824 | 38 851 958 |
| End-of-service and post-retirement liabilities[d] | Note 7 | 16 736 896 | 3 370 565 | 9 781 671 | | 29 889 132 | 16 823 724 |
| **Total liabilities** | | **18 909 207** | **86 821 262** | **11 871 201** | | **117 601 670** | **85 494 182** |

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Reserves and fund balances** | | | | | | | |
| Reserves for allocations | Schedule 5 | | 79 951 | | | 79 951 | 459 443 |
| Fund balances | | 10 801 117 | 142 172 788 | 9 150 550 | | 162 124 455 | 179 224 279 |
| **Total reserves and fund balances** | | **10 801 117** | **142 252 739** | **9 150 550** | | **162 204 406** | **179 683 722** |
| **Total liabilities and reserves and fund balances** | | **29 710 324** | **229 074 001** | **21 021 751** | | **279 806 076** | **265 177 904** |

[a] Represents interest-bearing bank deposits of $2,004,324 in UNODC headquarters bank accounts, interest-bearing deposits of $46,498,111 in UNODC field office local bank accounts, an imprest account of $25,279 maintained by ESCAP, imprest accounts and petty cash in UNODC field offices of $56,647 and cash in transit of $240,000.

[b] Represents the Drug Programme Fund share of the offices away from headquarters cash pools: the share of the United States dollar cash pool comprises cash and term deposits of $7,789,693, short-term investments of $19,575,727 (market value $19,612,849), long-term investments of $41,006,194 (market value $41,075,661) and accrued interest receivable of $167,567, and the share of the euro cash pool comprises cash and term deposits of $20,712,313 (€16,031,330), short-term investments of $5,082,701 (Euro 3,934,010), long-term investments of $17,107,856 (€13,241,480) and accrued interest receivable of $284,262 (€220,019).

[c] Includes $309,750 deferred charges for commitments against future financial periods and $401,623 deferred charges for education grant advances.

[d] Represents end-of-service liabilities of $7,979,714 (including $5,185,966 repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $21,909,417 as at 31 December 2011.

The accompanying notes and schedules are an integral part of the financial statements.

Statement V

**United Nations Crime Prevention and Criminal Justice Fund**

**Income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2011**

(United States dollars)

| | *Reference* | *General purpose* | *Special purpose* | *Programme support* | *Eliminations* | *Total* 2010-2011 | *Total* 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | |
| Voluntary contributions | Schedule 3 | 5 872 983 | 217 593 634 | | | 223 466 617 | 136 385 613 |
| Funds received under inter-organization arrangements | Schedule 3 | | 8 138 113 | | | 8 138 113 | 8 162 161 |
| Other/miscellaneous income | | | | | | | |
| Programme support income | Schedule 5 | | | 14 958 070 | (14 958 070) | | |
| Interest income | | 74 575 | 3 694 545 | 166 570 | | 3 935 690 | 5 463 051 |
| Miscellaneous income[a] | | 88 599 | 1 466 540 | 63 237 | | 1 618 376 | 1 261 788 |
| **Total income** | | **6 036 157** | **230 892 832** | **15 187 877** | **(14 958 070)** | **237 158 796** | **151 272 614** |
| **Expenditure** | Schedule 4 | | | | | | |
| Staff and other personnel costs[b] | | 4 190 874 | 66 445 578 | 7 006 806 | (18 271) | 77 624 987 | 62 869 617 |
| Travel[b] | | 15 246 | 10 106 488 | 204 908 | (8 960) | 10 317 682 | 7 717 960 |
| Contractual services | | 1 209 | 28 976 317 | 198 226 | | 29 175 752 | 15 731 476 |
| Operating expenses[b,c] | | 44 112 | 14 535 390 | 1 130 059 | (2 604) | 15 706 957 | 6 979 240 |
| Acquisitions[b] | | | 11 978 721 | 156 610 | (1 052) | 12 134 279 | 11 866 670 |
| Other[b] | | | 25 684 289 | 222 600 | | 25 906 889 | 28 243 986 |
| Programme support costs — implementing partners[b] | Schedule 5 | | 963 568 | | (18 200) | 945 368 | 204 412 |
| **Total direct expenditure** | | **4 251 441** | **158 690 351** | **8 919 209** | **(49 087)** | **171 811 914** | **133 613 361** |
| Programme support costs — UNODC | Schedule 5 | | 14 958 070 | | (14 958 070) | | |
| **Total expenditure** | | **4 251 441** | **173 648 421** | **8 919 209** | **(15 007 157)** | **171 811 914** | **133 613 361** |
| **Excess (shortfall) of income over expenditure** | | **1 784 716** | **57 244 411** | **6 268 668** | **49 087** | **65 346 882** | **17 659 253** |
| Prior-period adjustments | Note 4 | (145 407) | (2 210 555) | | 272 451 | (2 083 511) | (177 955) |
| Net changes in provisions and reserves | | | (1 183 223) | | | (1 183 223) | 949 754 |
| **Net excess (shortfall) of income over expenditure** | | **1 639 309** | **53 850 633** | **6 268 668** | **321 538** | **62 080 148** | **18 431 052** |
| Transfers from (to) other funds[d] | Schedule 3 | 1 183 049 | 6 381 573 | (238 939) | | 7 325 683 | (494 986) |
| Refunds to donors | | | (2 057 489) | | 10 640 | (2 046 849) | (821 430) |

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| Other adjustments to reserves and fund balances | Note 8 | (2 071 538) | (598 362) | (1 186 476) | | (3 856 376) | (4 072 882) |
| Reserves and fund balances, beginning of period | | 2 264 239 | 114 089 634 | 4 085 886 | (332 178) | 120 107 581 | 107 065 827 |
| **Reserves and fund balances, end of period** | | **3 015 059** | **171 665 989** | **8 929 139** | | **183 610 187** | **120 107 581** |

[a] Includes $709,334 savings on or cancellation of prior-period obligations and $813,990 income for services rendered.
[b] Includes eliminations for internal transactions between the Crime Programme Funds for UNODC and the Crime Programme Fund sub-account for UNICRI.
[c] Includes exchange losses of $4,500,883.
[d] Includes $2,062,324 transfer of interest income from special-purpose to general-purpose funds and $536,187 transfer of exchange losses from special-purpose to general-purpose funds.

The accompanying notes are an integral part of the financial statements.

Statement VI
**United Nations Crime Prevention and Criminal Justice Fund**

**Assets, liabilities and reserves and fund balances as at 31 December 2011**
(United States dollars)

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and term deposits[a] | | | 540 888 | | | 540 888 | 264 690 |
| Investments in offices away from Headquarters cash pool[b] | Note 6 | 9 715 512 | 176 958 504 | 41 594 | | 186 715 610 | 118 993 038 |
| Accounts receivable | | | | | | | |
| Voluntary contributions receivable | Schedule 3 | 7 041 | 66 284 255 | | | 66 291 296 | 49 529 053 |
| Inter-fund balances receivable[c] | | | 133 707 925 | 11 642 068 | | 145 349 993 | 84 672 675 |
| Advances to implementing partners | Note 5 | | 3 709 180 | | | 3 709 180 | 1 141 157 |
| Other receivables | | 52 483 | 214 587 | 71 786 | | 338 856 | 358 778 |
| Other assets[d] | Note 2 | 14 217 | 167 269 | 151 500 | | 332 986 | 835 266 |
| **Total assets** | | **9 789 253** | **381 582 608** | **11 906 948** | | **403 278 809** | **255 794 658** |
| **Liabilities** | | | | | | | |
| Unliquidated obligations — current period | | 144 998 | 10 858 434 | 120 470 | | 11 123 902 | 8 696 727 |
| Unliquidated obligations — future periods | Note 2 | | | 103 250 | | 103 250 | 638 159 |
| Accounts payable | | | | | | | |
| Inter-fund balances payable | | | 146 039 959 | | | 146 039 959 | 83 143 671 |
| Advances due to implementing partners | | | | | | | |
| Other payables | | 100 000 | 1 141 495 | 151 224 | | 1 392 719 | 1 367 132 |
| Deferred income | Schedule 3 | | 47 447 465 | | | 47 447 465 | 33 960 327 |
| End-of-service and post-retirement liabilities[e] | Note 7 | 6 529 196 | 3 211 435 | 2 602 865 | | 12 343 496 | 7 846 452 |
| **Total liabilities** | | **6 774 194** | **208 698 788** | **2 977 809** | | **218 450 791** | **135 652 468** |
| **Reserves and fund balances** | | | | | | | |
| Reserves for allocations | | | 1 217 831 | | | 1 217 831 | 34 607 |

| | Reference | General purpose | Special purpose | Programme support | Eliminations | Total 2010-2011 | Total 2008-2009 |
|---|---|---|---|---|---|---|---|
| Fund balances | | 3 015 059 | 171 665 989 | 8 929 139 | | 183 610 187 | 120 107 581 |
| **Total reserves and fund balances** | | **3 015 059** | **172 883 820** | **8 929 139** | | **184 828 018** | **120 142 189** |
| **Total liabilities, reserves and fund balances** | | **9 789 253** | **381 582 608** | **11 906 948** | | **403 278 809** | **255 794 658** |

[a] Represents interest-bearing bank deposits of $459,278 in United Nations Office at Vienna and UNICRI call accounts, interest-bearing deposits of $52,710 in the UNICRI euro local bank account, interest-bearing deposits of $26,900 in the UNICRI United States dollar local bank account and $2,000 petty cash in UNODC field offices.

[b] Represents the Crime Programme Fund share of the offices away from headquarters cash pools: the share of the United States dollar cash pool comprises cash and term deposits of $12,934,079, short-term investments of $32,503,718 (market value $32,565,356), long-term investments of $68,087,065 (market value $68,202,408) and accrued interest receivable of $278,229, and the share of the euro cash pool comprises cash and term deposits of $34,968,447 (€27,065,578), short-term investments of $8,581,087 (€6,641,761), long-term investments of $28,883,067 (€22,355,494) and accrued interest receivable of $479,918 (€371,457).

[c] Includes eliminations for internal transactions between Crime Programme Funds for UNODC and the Crime Programme Fund sub-account for UNICRI.

[d] Includes $103,250 deferred charges for commitments against future financial periods and $229,736 deferred charges for education grant advances.

[e] Represents end-of-service liabilities of $4,074,913 (including $2,151,977 repatriation grant accruals) and accrued liabilities for after-service health insurance costs of $8,268,583 as at 31 December 2011.

The accompanying notes and schedules are an integral part of the financial statements.

Statement VII

## Consolidated cash flows for the biennium ended 31 December 2011

(United States dollars)

| | *Drug Programme Fund* | | | *Crime Programme Fund* | | | *Total* | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *General purpose* | *Special purpose* | *Programme support* | *General purpose* | *Special purpose* | *Programme support* | *General purpose* | *Special purpose* | *Programme support* | *Total 2010-2011* |
| **Cash flows from operating activities** | | | | | | | | | | |
| Excess (shortfall) of income over expenditure | 4 541 508 | (317 231) | 3 948 421 | 1 784 716 | 57 244 411 | 6 268 668 | 6 326 224 | 56 927 180 | 10 217 089 | 73 470 493 |
| (Increase) decrease in voluntary contributions receivable | (1 190 424) | 11 558 985 | | 7 394 | (16 769 637) | | (1 183 030) | (5 210 652) | – | (6 393 682) |
| (Increase) decrease in inter-fund balances receivable | 7 961 077 | (31 345 836) | | | (54 488 838) | (6 188 480) | 7 961 077 | (85 834 674) | (6 188 480) | (84 062 077) |
| (Increase) decrease in advances to implementing partners | | 1 841 664 | | | (2 235 846) | | – | (394 182) | – | (394 182) |
| (Increase) decrease in other receivables | (39 550) | (34 176) | 45 688 | (52 483) | 113 499 | (41 093) | (92 033) | 79 323 | 4 595 | (8 115) |
| (Increase) decrease in other assets | (22 415) | 1 387 790 | (374 566) | 68 688 | 585 092 | (151 500) | 46 273 | 1 972 882 | (526 066) | 1 493 089 |
| Increase (decrease) in unliquidated obligations — current period | (133 312) | (727 454) | (61 960) | 2 698 | 2 381 572 | 42 903 | (130 614) | 1 654 118 | (19 057) | 1 504 447 |
| Increase (decrease) in unliquidated obligations — future periods | | (1 412 511) | 309 750 | | (638 159) | 103 250 | – | (2 050 670) | 413 000 | (1 637 670) |
| Increase (decrease) in inter-fund balances payable | | 37 091 647 | (20 094 217) | | 62 896 288 | | – | 99 987 935 | (20 094 217) | 79 893 718 |
| Increase (decrease) in advances due to implementing partners | | 72 817 | | | | | – | 72 817 | – | 72 817 |
| Increase (decrease) in other payables | 1 760 201 | 682 255 | | 100 000 | (156 622) | 82 209 | 1 860 201 | 525 633 | 82 209 | 2 468 043 |
| Increase (decrease) in deferred income | (50 000) | 1 604 866 | | | 13 487 138 | | (50 000) | 15 092 004 | – | 15 042 004 |

| | *Drug Programme Fund* | | | *Crime Programme Fund* | | | *Total* | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *General purpose* | *Special purpose* | *Programme support* | *General purpose* | *Special purpose* | *Programme support* | *General purpose* | *Special purpose* | *Programme support* | *Total 2010-2011* |
| Increase (decrease) in end-of-service and post-retirement liabilities | 8 188 161 | 822 788 | 4 054 459 | 2 161 944 | 1 036 824 | 1 298 278 | 10 350 105 | 1 859 612 | 5 352 737 | 17 562 454 |
| **Net cash flows from operating activities** | **21 015 246** | **21 225 604** | **(12 172 425)** | **4 072 957** | **63 455 722** | **1 414 235** | **25 088 203** | **84 681 326** | **(10 758 190)** | **99 011 339** |
| **Cash flows from investing activities** | | | | | | | | | | |
| (Increase) decrease in investments in offices away from Headquarters cash pool | (6 997 841) | 4 801 127 | 17 300 901 | (3 039 060) | (64 694 692) | 11 180 | (10 036 901) | (59 893 565) | 17 312 081 | (52 618 385) |
| **Net cash flows from investing activities** | **(6 997 841)** | **4 801 127** | **17 300 901** | **(3 039 060)** | **(64 694 692)** | **11 180** | **(10 036 901)** | **(59 893 565)** | **17 312 081** | **(52 618 385)** |
| **Cash flows from financing activities** | | | | | | | | | | |
| Net changes in provisions | | 379 492 | | | (1 183 223) | | | (803 731) | | (803 731) |
| Transfers from (to) other funds | (230 576) | (3 230 615) | (2 367 393) | 1 183 049 | 6 381 573 | (238 939) | 952 473 | 3 150 958 | (2 606 332) | 1 497 099 |
| Refunds to donors | | (1 845 837) | | | (2 057 489) | | | (3 903 326) | | (3 903 326) |
| Other adjustments in reserves and fund balances | (8 149 595) | (6 000 511) | (3 827 488) | (2 216 946) | (2 808 917) | (1 186 476) | (10 366 541) | (8 809 428) | (5 013 964) | (24 189 933) |
| Changes in reserves for allocations | | (379 492) | | | 1 183 224 | | | 803 732 | | 803 732 |
| **Net cash flows from financing activities** | **(8 380 171)** | **(11 076 963)** | **(6 194 881)** | **(1 033 897)** | **1 515 168** | **(1 425 415)** | **(9 414 068)** | **(9 561 795)** | **(7 620 296)** | **(26 596 159)** |
| **Net increase (decrease) in cash** | **5 637 234** | **14 949 768** | **(1 066 405)** | | **276 198** | | **5 637 234** | **15 225 966** | **(1 066 405)** | **19 796 795** |
| Cash and term deposits, beginning of period | 2 893 431 | 19 125 001 | 7 285 333 | | 264 690 | | 2 893 431 | 19 389 691 | 7 285 333 | 29 568 455 |
| **Cash and term deposits, end of period** | **8 530 665** | **34 074 769** | **6 218 928** | | **540 888** | | **8 530 665** | **34 615 657** | **6 218 928** | **49 365 250** |

**The accompanying notes and schedules are an integral part of the financial statements.**

## Schedule 1
## Consolidated summary and ageing schedules of pledges and contributions as at 31 December 2011

(United States dollars)

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Income from pledges for 2010-2011: Special purpose (c) | Income from pledges for 2010-2011: Total (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| A. Voluntary contributions from Member States | | | | | | | | | |
| Drug Programme | 43 694 136 | 20 478 778 | 127 534 969 | 148 013 746 | 16 396 523 | (18 464 514) | 154 814 454 | (451 797) | 34 373 638 |
| Crime Programme | 38 002 244 | 5 344 267 | 150 492 305 | 155 836 573 | 18 227 715 | (18 748 697) | 145 766 997 | 330 763 | 47 881 601 |
| **Subtotal, A** | **81 696 380** | **25 823 045** | **278 027 274** | **303 850 319** | **34 624 238** | **(37 213 210)** | **300 581 451** | **(121 034)** | **82 255 240** |
| B. Voluntary cost-sharing contributions from Member States | | | | | | | | | |
| Drug Programme | 16 013 037 | – | 89 905 072 | 89 905 072 | 1 721 862 | (9 236 652) | 94 863 923 | (27 297) | 3 512 101 |
| Crime Programme | 3 271 037 | 20 000 | 5 656 741 | 5 676 741 | 4 558 759 | (2 115 097) | 5 697 254 | 32 347 | 5 726 533 |
| **Subtotal, B** | **19 284 074** | **20 000** | **95 561 813** | **95 581 813** | **6 280 621** | **(11 351 749)** | **100 561 176** | **5 050** | **9 238 634** |
| C. Voluntary contributions from other Government organizations | | | | | | | | | |
| Drug Programme | 6 954 367 | – | 21 097 184 | 21 097 184 | 10 109 664 | (1 224 872) | 20 920 799 | (995) | 16 014 550 |
| Crime Programme | 577 055 | 507 099 | 44 331 700 | 44 838 799 | 16 381 876 | 258 179 | 58 453 511 | 615 929 | 4 218 327 |
| **Subtotal, C** | **7 531 422** | **507 099** | **65 428 884** | **65 935 983** | **26 491 540** | **(966 693)** | **79 374 310** | **614 934** | **20 232 877** |
| D. Voluntary contributions from public donations | | | | | | | | | |
| Drug Programme | 1 690 142 | 3 341 | 1 855 058 | 1 858 399 | 437 615 | (690 446) | 1 431 361 | (13 219) | 1 851 131 |
| Crime Programme | 1 359 168 | 1 616 | 4 963 709 | 4 965 325 | 7 088 460 | (1 224 099) | 5 559 457 | (88 920) | 6 540 478 |
| **Subtotal, D** | **3 049 310** | **4 958** | **6 818 767** | **6 823 724** | **7 526 076** | **(1 914 545)** | **6 990 818** | **(102 139)** | **8 391 608** |
| E. Voluntary contributions from Member States for the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia | | | | | | | | | |
| Drug Programme | – | – | – | – | – | – | – | – | – |
| Crime Programme | – | – | 11 685 771 | 11 685 771 | – | 150 602 | 11 836 373 | – | – |
| **Subtotal, E** | **–** | **–** | **11 685 771** | **11 685 771** | **–** | **150 602** | **11 836 373** | **–** | **–** |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Special purpose (c) | Total (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| F. Voluntary contributions from Member States for the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children | | | | | | | | | |
| Drug Programme | – | – | – | – | – | – | – | – | – |
| Crime Programme | – | – | 463 408 | 463 408 | – | – | 463 408 | – | – |
| **Subtotal, F** | **–** | **–** | **463 408** | **463 408** | **–** | **–** | **463 408** | **–** | **–** |
| **Total voluntary contributions** | | | | | | | | | |
| Drug Programme | 68 351 682 | 20 482 119 | 240 392 282 | 260 874 401 | 28 665 665 | (29 616 485) | 272 030 536 | (493 307) | 55 751 420 |
| Crime Programme | 43 209 504 | 5 872 983 | 217 593 634 | 223 466 618 | 46 256 810 | (21 679 111) | 227 777 001 | 890 119 | 64 366 939 |
| **Total, A-F** | **111 561 186** | **26 355 102** | **457 985 916** | **484 341 018** | **74 922 474** | **(51 295 595)** | **499 807 536** | **396 812** | **120 118 359** |
| G. Funds received under inter-organization arrangements | | | | | | | | | |
| Drug Programme | 10 439 527 | – | 20 649 852 | 20 649 852 | 11 741 159 | (16 617 378) | 13 398 191 | (143 741) | 12 671 228 |
| Crime Programme | 6 319 549 | – | 8 138 113 | 8 138 113 | 1 190 655 | (6 916 284) | 6 807 240 | (437) | 1 924 357 |
| **Subtotal, G** | **16 759 076** | **–** | **28 787 965** | **28 787 965** | **12 931 814** | **(23 533 662)** | **20 205 430** | **(144 177)** | **14 595 585** |
| **Totals** | | | | | | | | | |
| Drug Programme | 78 791 209 | 20 482 119 | 261 042 134 | 281 524 253 | 40 406 824 | (46 233 862) | 285 428 726 | (637 048) | 68 422 648 |
| Crime Programme | 49 529 053 | 5 872 983 | 225 731 747 | 231 604 731 | 47 447 465 | (28 595 395) | 234 584 240 | 889 683 | 66 291 296 |
| **Total, A-G** | **128 320 263** | **26 355 102** | **486 773 881** | **513 128 983** | **87 854 288** | **(74 829 257)** | **520 012 966** | **252 634** | **134 713 944** |

| *Ageing of unpaid pledges as at 31 December 2011* | *0-6 months* | *7-12 months* | *13-24 months* | *> 24 months* | *Total* |
|---|---|---|---|---|---|
| **A. Voluntary contributions from Member States** | | | | | |
| Drug Programme | 24 549 902 | 2 299 951 | 5 049 926 | 2 473 859 | 34 373 638 |
| Crime Programme | 17 455 427 | 14 210 235 | 6 559 115 | 9 654 825 | 47 879 601 |
| **B. Voluntary cost-sharing contributions from Member States** | | | | | |
| Drug Programme | 1 112 906 | 629 653 | 266 704 | 1 502 838 | 3 512 101 |
| Crime Programme | 3 392 706 | 741 319 | 1 594 509 | – | 5 728 533 |
| **C. Voluntary contributions from other Government organizations** | | | | | |
| Drug Programme | 12 235 345 | 2 515 776 | 1 000 000 | 263 429 | 16 014 550 |
| Crime Programme | 1 291 990 | 908 174 | 2 018 163 | – | 4 218 327 |
| **D. Voluntary contributions from public donations** | | | | | |
| Drug Programme | 437 615 | 413 819 | – | 999 696 | 1 851 131 |
| Crime Programme | 4 096 899 | 1 824 650 | 90 439 | 528 489 | 6 540 478 |
| **E. Voluntary contributions from Member States for the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia** | | | | | |
| Drug Programme | – | – | – | – | – |
| Crime Programme | – | – | – | – | – |
| **F. Voluntary Contributions from Member States for the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children** | | | | | |
| Drug Programme | – | – | – | – | – |
| Crime Programme | – | – | – | – | – |
| **Total voluntary contributions** | | | | | |
| Drug Programme | 38 335 768 | 5 859 199 | 6 316 630 | 5 239 822 | 55 751 420 |
| Crime Programme | 26 237 021 | 17 684 377 | 10 262 226 | 10 183 315 | 64 366 939 |
| **Total, A-F** | **64 572 789** | **23 543 576** | **16 578 857** | **15 423 137** | **120 118 359** |
| **G. Funds received under inter-organization arrangements** | | | | | |
| Drug Programme | 11 760 059 | 80 488 | 53 437 | 777 244 | 12 671 228 |
| Crime Programme | 11 358 | – | 1 493 773 | 419 226 | 1 924 357 |
| **Totals** | | | | | |
| Drug Programme | 50 095 827 | 5 939 687 | 6 370 068 | 6 017 066 | 68 422 648 |
| Crime Programme | 26 248 379 | 17 684 377 | 11 755 999 | 10 602 541 | 66 291 296 |
| **Total, A-G** | **76 344 206** | **23 624 064** | **18 126 067** | **16 619 607** | **134 713 944** |

Schedule 2

## Fund of the United Nations International Drug Control Programme

### Schedule of contributions and pledges as at 31 December 2011

(United States dollars)

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose | Special purpose | Total 2010-2011 (b) | Pledges for future years (c) | Adjustments (d) | Collections (e) | Revaluation (losses) gains (f) | Unpaid pledges as at 31 December 2011 (g) = (a+b+c+d+e+f) |
|---|---|---|---|---|---|---|---|---|---|
| **A. Voluntary contributions from Member States** | | | | | | | | | |
| Algeria | 10 000 | – | – | – | – | (10 000)[a] | – | – | – |
| Australia | 2 629 284 | 449 640 | 3 228 902 | 3 678 542 | 1 655 152 | | 5 450 380 | 376 719 | 2 889 317 |
| Austria | – | 141 253 | 652 673 | 793 926 | 27 360 | – | 764 361 | (31 085) | 25 840 |
| Bangladesh | 1 000 | 1 000 | – | 1 000 | – | – | 2 000 | – | – |
| Belgium | 137 085 | 74 932 | 409 553 | 484 485 | 86 811 | (64 935)[a] | 549 311 | (10 016) | 84 119 |
| Brazil | – | – | 123 494 | 123 494 | – | – | 123 494 | – | – |
| Cambodia | – | – | 9 000 | 9 000 | – | – | 9 000 | – | – |
| Cameroon | – | 2 257 | – | 2 257 | – | – | 2 257 | – | – |
| Canada | 12 179 279 | – | 18 062 299 | 18 062 299 | 158 494 | (7 612 326)[b,c,d] | 17 633 831 | 98 990 | 5 252 905 |
| China (including Hong Kong) | – | 227 925 | 250 000 | 477 925 | – | – | 477 905 | (20) | – |
| Colombia | – | 80 000 | – | 80 000 | – | (80 000)[c] | – | – | – |
| Czech Republic | – | – | – | – | – | 98 559[d] | 98 559 | – | – |
| Denmark | 462 000 | – | 3 948 497 | 3 948 497 | 628 752 | (100 000)[b] | 4 190 684 | (53 518) | 695 048 |
| Ecuador | – | – | 30 000 | 30 000 | – | – | 30 000 | – | – |
| Estonia | – | 5 000 | – | 5 000 | – | – | 4 975 | (25) | – |
| Finland | 288 600 | 1 610 501 | 3 205 179 | 4 815 680 | 1 897 205 | – | 5 374 308 | 375 407 | 2 002 584 |
| France | 36 075 | 678 607 | 4 388 190 | 5 066 797 | 57 061 | (514 986)[c,d] | 4 220 153 | (39 135) | 385 659 |
| Germany | 2 135 642 | 2 296 471 | 8 537 384 | 10 833 856 | 3 845 192 | (2 129 496)[c,d] | 10 454 908 | (144 884) | 4 085 401 |
| India | 81 681 | 100 000 | 600 000 | 700 000 | – | – | 782 745 | 1 064 | – |
| Ireland | – | – | 167 840 | 167 840 | – | – | 163 041 | (4 799) | – |
| Italy | 1 101 900 | – | 1 951 148 | 1 951 148 | 432 381 | (240 000)[b] | 1 527 427 | 14 673 | 1 732 675 |
| Japan | – | 1 804 781 | 10 376 353 | 12 181 134 | – | (1 400 000)[c] | 10 781 134 | – | – |
| Kazakhstan | 25 000 | 49 975 | 300 000 | 349 975 | – | – | 347 184 | (2 791) | 25 000 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose | Income from pledges for 2010-2011: Special purpose | Income from pledges for 2010-2011: Total 2010-2011 (b) | Pledges for future years (c) | Adjustments (d) | Collections (e) | Revaluation (losses) gains (f) | Unpaid pledges as at 31 December 2011 (g) = (a+b+c+d+e+f) |
|---|---|---|---|---|---|---|---|---|---|
| Kuwait | 5 000 | 5 000 | – | 5 000 | – | – | 5 000 | – | 5 000 |
| Laos | 2 000 | – | 1 000 | 1 000 | – | – | 3 000 | – | – |
| Libya | – | – | 300 000 | 300 000 | – | – | 299 810 | (190) | – |
| Liechtenstein | – | 54 230 | 5 000 | 59 230 | – | – | 59 238 | 8 | – |
| Luxembourg | 800 900 | 275 798 | 1 231 000 | 1 506 798 | 560 000 | – | 1 711 615 | (5 083) | 1 151 000 |
| Madagascar | 1 000 | 1 000 | – | 1 000 | – | | 1 000 | – | 1 000 |
| Mexico | – | – | 300 000 | 300 000 | – | – | 300 000 | – | – |
| Morocco | – | 3 000 | – | 3 000 | – | – | 3 000 | – | – |
| Myanmar | – | – | 10 000 | 10 000 | – | – | 10 238 | 238 | – |
| Nepal | – | – | 20 000 | 20 000 | – | – | 20 000 | – | – |
| Netherlands | 6 628 788 | – | 3 289 474 | 3 289 474 | – | (3 289 474)[b] | 5 594 747 | (958 201) | 75 840 |
| New Zealand | – | – | 152 755 | 152 755 | – | – | 147 721 | (5 034) | – |
| Nigeria | 123 550 | – | – | – | – | (123 550)[a] | – | – | – |
| Norway | 1 438 475 | 726 485 | 4 788 910 | 5 515 395 | 1 511 081 | (1 417 350)[b] | 5 188 204 | 1 068 | 1 860 465 |
| Pakistan | – | 2 000 | – | 2 000 | – | – | 1 981 | (19) | – |
| Panama | – | 6 000 | | 6 000 | – | – | 6 000 | – | – |
| Poland | – | – | 95 617 | 95 617 | – | – | 95 617 | – | (0) |
| Republic of Korea | – | 200 000 | 190 000 | 390 000 | – | – | 390 000 | – | – |
| Russian Federation | – | 7 000 000 | 1 984 528 | 8 984 528 | 400 000 | | 8 984 528 | – | 400 000 |
| Saudi Arabia | – | 100 000 | – | 100 000 | – | (50 000)[b] | 50 000 | – | – |
| Singapore | 5 000 | 10 000 | – | 10 000 | – | – | 15 000 | – | – |
| Slovenia | – | 12 330 | – | 12 330 | – | – | 12 330 | – | – |
| South Africa | 3 333 | – | 365 259 | 365 259 | – | – | 366 128 | 585 | 3 049 |
| Spain | – | 76 000 | 1 121 365 | 1 197 365 | – | – | 616 780 | (12 109) | 568 475 |
| Sweden | 1 255 230 | 1 380 276 | 9 865 422 | 11 245 699 | 3 915 247 | (1 412 873)[b] | 11 272 552 | (45 247) | 3 685 504 |
| Switzerland | 28 860 | – | 830 202 | 830 202 | 667 000 | (33 591)[b] | 809 050 | (16 422) | 667 000 |
| Thailand | – | 40 000 | 60 000 | 100 000 | – | – | 100 000 | – | – |
| Tunisia | – | 1 316 | – | 1 316 | – | – | 1 316 | – | – |
| Turkey | – | 400 000 | 700 000 | 1 100 000 | – | – | 1 100 000 | – | – |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011 | | | Pledges for future years (c) | Adjustments (d) | Collections (e) | Revaluation (losses) gains (f) | Unpaid pledges as at 31 December 2011 (g) = (a+b+c+d+e+f) |
|---|---|---|---|---|---|---|---|---|---|
| | | General purpose | Special purpose | Total 2010-2011 (b) | | | | | |
| United Arab Emirates | – | 10 000 | 4 106 734 | 4 116 734 | – | – | 2 903 014 | (50) | 1 213 670 |
| United Kingdom of Great Britain and Northern Ireland | 800 726 | – | 6 163 055 | 6 163 055 | 554 788 | (43 493)[e] | 5 813 759 | 7 271 | 1 668 588 |
| United States of America | 13 513 725 | 2 653 000 | 35 699 136 | 38 352 136 | – | (41 000)[e] | 45 930 166 | 806 | 5 895 501 |
| Viet Nam | – | – | 15 000 | 15 000 | – | – | 15 000 | – | – |
| **Subtotal, A** | **43 694 134** | **20 478 778** | **127 534 969** | **148 013 746** | **16 396 523** | **(18 464 514)** | **154 814 454** | **(451 797)** | **34 373 638** |
| **B. Voluntary cost-sharing contributions from Member States** | | | | | | | | | |
| Bolivia (Plurinational State of) | 400 656 | – | 648 536 | 648 536 | – | (220 562)[e] | 831 811 | 3 181 | – |
| Brazil | 9 641 682 | – | 15 405 776 | 15 405 776 | 971 862 | (4 862 802)[a,b] | 20 026 395 | 149 059 | 1 279 182 |
| Colombia | 1 370 399 | – | 71 714 778 | 71 714 778 | – | (220 638)[e] | 71 914 817 | (190 459) | 759 263 |
| Ecuador | – | – | 40 000 | 40 000 | – | – | 40 000 | – | – |
| Mexico | – | – | 615 000 | 615 000 | – | – | 615 000 | – | – |
| Peru | 417 652 | – | 980 982 | 980 982 | – | – | 1 185 900 | 10 922 | 223 656 |
| Qatar | 4 182 650 | – | 500 000 | 500 000 | 750 000 | (3 932 650)[a,b,c] | 250 000 | – | 1 250 000 |
| **Subtotal, B** | **16 013 039** | **–** | **89 905 072** | **89 905 072** | **1 721 862** | **(9 236 652)** | **94 863 923** | **(27 297)** | **3 512 101** |
| **C. Voluntary contributions from other Government organizations** | | | | | | | | | |
| European Commission | – | – | 6 902 587 | 6 902 587 | – | | 6 902 587 | – | – |
| Inter-American Development Bank | 1 185 161 | – | – | – | – | – | 966 416 | – | 218 746 |
| IOM | 11 647 | – | – | – | – | – | – | (1 219) | 10 428 |
| NATO Russian Council | – | – | 1 455 220 | 1 455 220 | – | – | 1 455 220 | – | – |
| Organization of American States | – | – | 50 000 | 50 000 | – | – | 50 229 | 229 | – |
| OPEC | 2 000 000 | – | 4 500 000 | 4 500 000 | 1 500 000 | (1 000 000)[b] | 3 000 000 | – | 4 000 000 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose | Income from pledges for 2010-2011: Special purpose | Income from pledges for 2010-2011: Total 2010-2011 (b) | Pledges for future years (c) | Adjustments (d) | Collections (e) | Revaluation (losses) gains (f) | Unpaid pledges as at 31 December 2011 (g) = (a+b+c+d+e+f) |
|---|---|---|---|---|---|---|---|---|---|
| USAID | 3 161 744 | – | 7 890 336 | 7 890 336 | 8 609 664 | – | 7 876 363 | (5) | 11 785 376 |
| World Bank | 595 816 | – | 299 041 | 299 041 | – | (224 873)[a] | 669 984 | – | – |
| **Subtotal, C** | **6 954 368** | **–** | **21 097 184** | **21 097 184** | **10 109 664** | **(1 224 873)** | **20 920 799** | **(995)** | **16 014 550** |
| **D. Voluntary contributions from public donation** | | | | | | | | | |
| Aids-Life-Verien Austria | – | – | 290 698 | 290 698 | – | – | 290 698 | (0) | – |
| COPARMEX, Nuevo Leon | 999 696 | – | – | – | – | – | – | – | 999 696 |
| DAPC | – | – | 395 672 | 395 672 | – | – | 385 462 | (10 210) | – |
| Drosos Foundation | 690 446 | – | 600 000 | 600 000 | 90 446 | (690 446)[b] | 300 000 | – | 390 446 |
| Foundation Open Society Institute | – | – | 16 950 | 16 950 | – | – | 16 950 | – | – |
| Tata Institute of Social Science | – | – | 25 985 | 25 985 | – | – | 27 268 | 1 283 | – |
| The Global Fund | – | – | 475 248 | 475 248 | 347 169 | – | 361 429 | – | 460 989 |
| Veolia Foundation | – | – | 50 505 | 50 505 | – | – | 46 213 | (4 292) | – |
| Other donors | – | 3 341 | – | 3 341 | – | – | 3 341 | – | – |
| **Subtotal, D** | **1 690 142** | **3 341** | **1 855 058** | **1 858 399** | **437 615** | **(690 446)** | **1 431 361** | **(13 219)** | **1 851 131** |
| **Total voluntary contributions** | | | | | | | | | |
| **Total, A-D** | **68 351 683** | **20 482 119** | **240 392 282** | **260 874 401** | **28 665 665** | **(29 616 485)** | **272 030 536** | **(493 308)** | **55 751 420** |
| **E. Funds received under inter-organizational arrangements** | | | | | | | | | |
| Mine Action Service | 348 150 | – | 464 200 | 464 200 | – | (232 100)[b] | 573 762 | – | 6 488 |
| One UN — Cape Verde | – | – | 55 000 | 55 000 | – | – | 55 000 | – | – |
| One UN — Mozambique | – | – | 50 000 | 50 000 | – | – | 50 000 | – | – |
| One UN — Pakistan | – | – | 118 800 | 118 800 | – | – | 118 800 | – | – |
| One UN — Viet Nam | 156 100 | – | 1 450 214 | 1 450 214 | – | (575 480)[b] | 1 011 934 | – | 18 900 |
| One UN — Uruguay | – | – | 65 563 | 65 563 | – | – | 65 563 | – | – |
| UNAIDS | 7 234 938 | – | 14 736 536 | 14 736 536 | 11 576 359 | (14 290 197)[b] | 7 498 598 | (109 692) | 11 649 347 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011 | | | Pledges for future years (c) | Adjustments (d) | Collections (e) | Revaluation (losses) gains (f) | Unpaid pledges as at 31 December 2011 (g) = (a+b+c+d+e+f) |
|---|---|---|---|---|---|---|---|---|---|
| | | General purpose | Special purpose | Total 2010-2011 (b) | | | | | |
| UNDP | 2 050 897 | – | 1 478 751 | 1 478 751 | – | (289 774)[a,b] | 2 383 175 | (26 018) | 830 681 |
| UNDP — Spain MDG Fund | 535 977 | – | 707 988 | 707 988 | 164 800 | (872 788)[b] | 370 165 | – | 165 812 |
| UNOPS | 113 464 | – | 1 325 568 | 1 325 568 | – | (357 040)[b] | 1 081 992 | – | – |
| WHO | – | – | 197 232 | 197 232 | – | – | 189 201 | (8 031) | – |
| **Total, inter-organizational arrangements** | **10 439 526** | **–** | **20 649 852** | **20 649 852** | **11 741 159** | **(16 617 378)** | **13 398 191** | **(143 741)** | **12 671 228** |
| **Grand total, A-E** | **78 791 209** | **20 482 119** | **261 042 134** | **281 524 253** | **40 406 824** | **(46 233 863)** | **285 428 726** | **(637 049)** | **68 422 648** |

[a] Pledges written off.
[b] Pledges made in 2008-2009 for 2010 and beyond included in outstanding pledges as at 1 January 2010.
[c] Transfer to the Crime Programme Fund.
[d] Transfer from the Crime Programme Fund.

Schedule 3

## United Nations Crime Prevention and Criminal Justice Fund

### Schedule of pledges and contributions as at 31 December 2011

(United States dollars)

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Income from pledges for 2010-2011: Special purpose (c) | Income from pledges for 2010-2011: Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| **A. Voluntary contributions from Member States** | | | | | | | | | |
| Australia | 8 235 932 | – | 6 783 635 | 6 783 635 | 5 605 444 | (6 226 314)[a] | 6 237 905 | 805 358 | 8 966 150 |
| Austria | 28 860 | 210 698 | 2 155 096 | 2 365 794 | 334 513 | 41 169[a,b,c] | 2 330 689 | (37 987) | 401 660 |
| Belgium | 483 048 | – | 689 491 | 689 491 | – | (204 984)[a,c] | 962 841 | 37 276 | 41 990 |
| Canada | 7 131 400 | – | 25 407 990 | 25 407 990 | 6 400 000 | (4 172 678)[a,b,c] | 23 887 194 | (160 523) | 10 718 995 |
| Cape Verde | 2 235 699 | – | – | – | – | – | 1 223 895 | (181 787) | 830 017 |
| Chile | – | 20 000 | 2 000 | 22 000 | – | – | 22 000 | – | – |
| Colombia | – | – | – | – | – | 80 000[b] | 80 000 | – | – |
| Croatia | – | 5 000 | – | 5 000 | – | – | 5 000 | – | – |
| Cyprus | – | – | 13 717 | 13 717 | – | – | 13 643 | (75) | – |
| Czech Republic | – | – | – | – | – | (80 684)[b] | (80 684) | – | – |
| Denmark | 3 145 631 | 1 855 498 | 6 179 498 | 8 034 995 | 75 000 | (3 184 604)[a] | 6 790 750 | (335 224) | 945 048 |
| Egypt | – | – | 11 873 | 11 873 | – | – | – | – | 11 873 |
| Finland | 721 501 | – | 1 012 878 | 1 012 878 | – | (894 472)[a,c] | 309 209 | (64 290) | 466 408 |
| France | – | 142 653 | 2 130 830 | 2 273 484 | – | 1 186 052[b] | 3 351 925 | (8 773) | 98 837 |
| Germany | 165 891 | – | 5 181 193 | 5 181 193 | 359 430 | (17 152)[a,c] | 5 207 467 | (95 565) | 386 330 |
| Hungary | 28 860 | – | 52 562 | 52 562 | – | (27 027)[c] | 52 562 | (1 832) | – |
| India | – | 91 000 | – | 91 000 | – | – | 88 000 | – | 3 000 |
| Iran (Islamic Republic of) | – | – | 105 090 | 105 090 | – | – | 20 000 | – | 85 090 |
| Ireland | – | 111 894 | – | 111 894 | – | – | 108 694 | (3 200) | – |
| Israel | – | – | 45 000 | 45 000 | – | – | 45 000 | – | – |
| Italy | 253 685 | – | 5 674 119 | 5 674 119 | – | (502 090)[a,b] | 5 248 776 | (21 808) | 155 130 |
| Japan | 110 000 | 652 177 | 5 832 456 | 6 484 633 | – | 1 400 000[b] | 7 994 633 | – | – |
| Libya | 3 864 955 | – | 3 000 000 | 3 000 000 | – | (3 000 000)[a] | 821 100 | – | 3 043 855 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Income from pledges for 2010-2011: Special purpose (c) | Income from pledges for 2010-2011: Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| Liechtenstein | – | 46 125 | 159 703 | 205 829 | – | – | 96 188 | (3 820) | 105 820 |
| Luxembourg | 500 000 | – | 1 670 444 | 1 670 444 | – | (500 000)[c] | 1 012 885 | 91 727 | 749 286 |
| Madagascar | 1 000 | 1 000 | – | 1 000 | – | – | 1 000 | – | 1 000 |
| Mexico | – | – | 1 477 671 | 1 477 671 | 447 761 | – | 1 471 431 | (16 046) | 437 956 |
| Monaco | 160 000 | – | 265 634 | 265 634 | 421 606 | (160 000)[c] | 266 990 | (33 505) | 386 744 |
| Morocco | – | 10 000 | – | 10 000 | – | – | 10 000 | – | – |
| Netherlands | 3 260 884 | – | 9 057 216 | 9 057 216 | 1 300 000 | (2 492 653)[a,b] | 6 735 255 | 1 974 | 4 092 165 |
| New Zealand | – | – | 305 692 | 305 692 | 33 222 | – | 341 388 | 2 473 | – |
| Nigeria | – | – | 130 039 | 130 039 | 65 020 | – | 65 020 | (7 302) | 122 737 |
| Norway | 1 859 099 | 726 485 | 14 346 354 | 15 072 838 | 850 999 | (1 805 609)[c] | 15 037 011 | 56 362 | 996 678 |
| Panama | – | – | 1 929 179 | 1 929 179 | 727 518 | – | 1 349 002 | – | 1 307 695 |
| Portugal | 144 300 | – | 52 700 | 52 700 | 52 701 | (105 401)[c] | – | (15 101) | 129 199 |
| Qatar | – | – | – | – | – | 200 000[b] | 200 000 | – | – |
| Republic of Korea | 450 000 | 60 000 | 270 000 | 330 000 | 220 000 | (450 000)[c] | 330 000 | – | 220 000 |
| Romania | – | – | 122 100 | 122 100 | – | – | 123 305 | 1 204 | – |
| Russian Federation | – | – | 515 472 | 515 472 | – | – | 515 472 | – | – |
| Spain | – | – | 322 468 | 322 468 | – | – | 343 096 | 20 628 | – |
| Sweden | – | 1 380 276 | 6 013 081 | 7 393 357 | – | 2 760 501[b] | 10 618 509 | 464 650 | – |
| Switzerland | 350 000 | – | 1 006 312 | 1 006 312 | – | (633 160)[c] | 717 428 | (5 724) | – |
| Tunisia | 3 435 | 1 462 | – | 1 462 | – | – | 1 457 | (399) | 3 041 |
| Turkey | – | – | 365 000 | 365 000 | – | – | 365 000 | – | – |
| United Arab Emirates | 1 370 000 | 30 000 | 427 438 | 457 438 | – | – | 1 827 438 | – | – |
| United Kingdom of Great Britain and Northern Ireland | 203 312 | – | 16 961 827 | 16 961 827 | 760 486 | 40 409[a,b,c] | 14 765 072 | (157 895) | 3 043 066 |
| United States of America | 3 292 751 | – | 30 816 547 | 30 816 547 | 874 016 | – | 24 853 452 | (30) | 10 129 831 |
| Venezuela (Bolivarian Republic of) | – | – | – | – | – | – | – | – | – |
| **Subtotal, A** | **38 000 244** | **5 344 267** | **150 492 305** | **155 836 573** | **18 227 715** | **(18 748 697)** | **145 766 997** | **330 763** | **47 879 601** |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Special purpose (c) | Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| **B. Voluntary cost-sharing contributions from Member States** | | | | | | | | | |
| Brazil | 3 115 039 | – | 3 556 184 | 3 556 184 | 4 558 759 | (1 945 108)[c,d] | 3 590 923 | 17 627 | 5 711 578 |
| Colombia | 157 997 | 20 000 | 2 100 558 | 2 120 558 | – | (169 989)[c] | 2 106 330 | 14 720 | 16 956 |
| **Subtotal, B** | **3 273 037** | **20 000** | **5 656 741** | **5 676 741** | **4 558 759** | **(2 115 097)** | **5 697 254** | **32 347** | **5 728 533** |
| **C. Voluntary contributions from other Government organizations** | | | | | | | | | |
| Agroinnova | – | – | – | – | 79 850 | – | 79 850 | – | – |
| AusAID | – | 507 099 | 4 151 583 | 4 658 682 | 2 606 645 | 170 866[b] | 5 194 038 | 684 182 | 2 926 337 |
| Bureau of Public Procurement Nigeria | – | – | 1 619 723 | 1 619 723 | – | – | 1 619 723 | – | – |
| Council of Europe | – | – | 171 418 | 171 418 | – | – | 171 418 | – | – |
| European Commission | – | – | 32 425 881 | 32 425 881 | 12 323 639 | 87 313[b] | 44 856 384 | 19 551 | – |
| Financial Intelligence Agency — Bermuda | – | – | 100 000 | 100 000 | – | – | 100 000 | – | – |
| Financial Intelligence Centre — Kosovo | – | – | 113 189 | 113 189 | – | – | 113 189 | – | – |
| Financial Intelligence Centre — Namibia | – | – | 200 000 | 200 000 | – | – | 200 000 | – | – |
| Financial Intelligence Centre — South Africa | – | – | 199 940 | 199 940 | – | – | 199 940 | – | – |
| Financial Intelligence Unit — United Republic of Tanzania | – | – | 99 975 | 99 975 | – | – | 100 339 | 364 | – |
| Financial Monitoring Service — Azerbaijan | – | – | 230 000 | 230 000 | – | – | 230 000 | – | – |
| Fondazione per il Notariato | – | – | 23 320 | 23 320 | – | – | 23 320 | – | – |
| Fundacio Privada Clinic per la ricerca biomedica | – | – | 63 338 | 63 338 | – | – | 63 338 | – | – |
| HEUNI | – | – | 75 164 | 75 164 | – | – | 75 164 | – | – |
| Indian Ocean Commission | 4 329 | – | – | – | – | – | 4 121 | (208) | – |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Income from pledges for 2010-2011: Special purpose (c) | Income from pledges for 2010-2011: Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| IOM | – | – | 87 117 | 87 117 | – | – | 87 117 | – | – |
| Korps Landelijke Politiensten | – | – | 739 433 | 739 433 | – | – | 739 433 | – | – |
| Ministry of Finance — Mozambique | – | – | 287 824 | 287 824 | – | – | 287 824 | – | – |
| NANO 4 U GMBH | – | – | 180 290 | 180 290 | – | – | 180 290 | – | – |
| National Bureau of Investigation — Finland | – | – | 173 797 | 173 797 | – | – | 173 797 | – | – |
| Organization of American States | – | – | 291 857 | 291 857 | – | – | 291 857 | – | – |
| OSCE | – | – | 411 102 | 411 102 | – | – | 410 905 | (197) | – |
| Palestine Monetary Authority | – | – | 99 973 | 99 973 | – | – | 99 973 | – | – |
| PCCB United Republic of Tanzania | – | – | 100 000 | 100 000 | – | – | 99 965 | (35) | – |
| Regione Calabria | – | – | 685 871 | 685 871 | 1 371 742 | – | 677 895 | (87 728) | 1 291 990 |
| Rigsadvokaten — Denmark | – | – | 350 000 | 350 000 | – | – | 350 000 | – | – |
| Transcrime | – | – | 195 301 | 195 301 | – | – | 195 301 | – | – |
| USAID | 572 726 | – | – | – | – | – | 572 726 | – | – |
| UTRF Morocco | – | – | 350 000 | 350 000 | – | – | 350 000 | – | – |
| World Bank/UNODC StAR Trust Fund | – | – | 905 605 | 905 605 | – | – | 905 605 | – | – |
| **Subtotal, C** | **577 055** | **507 099** | **44 331 700** | **44 838 799** | **16 381 876** | **258 179** | **58 453 511** | **615 929** | **4 218 327** |
| **D. Voluntary contributions from public donations** | | | | | | | | | |
| Agenzia Italiana del Farmaco | – | – | 374 089 | 374 089 | – | – | 368 132 | 6 963 | 12 920 |
| Aguas de Portugal | 86 580 | – | 76 726 | 76 726 | – | (86 580)[b] | 27 138 | (10 829) | 38 760 |
| Arsenault Family Foundation | – | – | 100 000 | 100 000 | – | – | 100 000 | – | – |
| Banco BPI | 144 300 | – | 127 877 | 127 877 | – | (144 300)[b] | 46 948 | (16 330) | 64 599 |
| Banco Commercial Portugues | 86 580 | – | 83 682 | 83 682 | 80 000 | (86 580)[b] | 76 052 | (10 111) | 77 519 |
| Banco Espirito Santo | 144 300 | – | 131 234 | 131 234 | – | (144 300)[b] | 122 660 | (8 574) | – |
| Caixa Geral de Depositos | 144 300 | – | 132 514 | 132 514 | – | (144 300)[b] | 112 387 | (10 437) | 9 690 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Special purpose (c) | Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| Cassa di Rispamio di Lucca | – | – | 168 067 | 168 067 | 252 101 | – | 78 844 | (31 247) | 310 078 |
| Cassa di Rispamio di Torino | 25 974 | – | 26 239 | 26 239 | – | (25 974)[b] | 24 755 | (1 484) | – |
| Consiglio del Ordine degli Avvocati | 8 658 | – | – | – | – | (7 752)[c] | – | (906) | – |
| Consorzio Univ. di Pomezia | – | – | 14 006 | 14 006 | – | – | 6 105 | (1 441) | 6 460 |
| CCP | – | – | 3 401 | 3 401 | – | – | 3 472 | 71 | – |
| Drosos Foundation | 310 143 | – | 250 000 | 250 000 | 60 143 | (310 143)[a] | 250 000 | – | 60 143 |
| Folke Bernadotte Academy | – | – | 57 134 | 57 134 | – | | 57 134 | – | – |
| Fondazione Banca del Monte di Lucca | – | – | 6 353 | 6 353 | – | – | 6 353 | – | – |
| Fondazione Monte Paschi | – | – | 60 197 | 60 197 | – | – | 39 133 | (1 684) | 19 380 |
| Ford Foundation | 75 000 | – | – | – | – | – | 75 000 | – | – |
| Friend of the Academy | – | – | – | – | – | – | – | – | – |
| Galp Energia | 129 870 | – | 87 209 | 87 209 | 43 605 | (129 870)[a] | 86 487 | (5 567) | 38 760 |
| Grupo 8 Segyrance | – | – | 76 046 | 76 046 | 38 023 | – | 40 808 | 4 259 | 77 519 |
| International Development Law Organization | – | – | 840 | 840 | – | – | 840 | – | – |
| Motorola | – | – | 64 420 | 64 420 | – | – | 67 661 | 3 241 | – |
| Provincia di Lucca | 8 658 | – | – | – | – | – | 8 723 | 64 | – |
| Provveditorato Regionale Amministrazione Penitenziaria | 14 430 | – | – | – | – | – | 13 370 | (1 060) | – |
| Qatar Foundation on Combating Trafficking in Human Beings | – | – | 1 300 000 | 1 300 000 | 4 000 000 | – | 1 300 000 | – | 4 000 000 |
| Redes Energeticas Nacionais | 86 580 | – | 79 365 | 79 365 | – | (86 580)[b] | 75 674 | (3 691) | – |
| Rede Ferroviaria Nacional | 57 720 | – | 52 493 | 52 493 | – | (57 720)[b] | 50 615 | (1 878) | – |
| San Paolo Foundation | 36 075 | – | 1 084 770 | 1 084 770 | – | – | 896 475 | 1 728 | 226 098 |
| Siemens AG | – | – | 477 968 | 477 968 | 2 614 589 | – | 1 494 005 | – | 1 598 552 |
| Small Arms Survey | – | – | 30 000 | 30 000 | – | – | 30 000 | – | – |
| Veri Sign 2010 | – | – | 54 937 | 54 937 | – | – | 54 937 | – | – |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011 | | | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| | | General purpose (b) | Special purpose (c) | Total 2010-2011 (d) = (b+c) | | | | | |
| Public donations accumulated from various sources not more than $50,000 annual | – | 1 616 | 44 140 | 45 756 | – | – | 45 749 | (8) | – |
| **Subtotal, D** | **1 359 168** | **1 616** | **4 963 709** | **4 965 325** | **7 088 460** | **(1 224 099)** | **1 559 457** | **(88 920)** | **6 540 478** |
| **E. Voluntary contributions for the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia** | | | | | | | | | |
| Belgium | – | – | 142 857 | 142 857 | – | – | 142 857 | – | – |
| Cyprus | – | – | 75 301 | 75 301 | – | – | 75 301 | – | – |
| Denmark | – | – | 329 042 | 329 042 | – | – | 329 042 | – | – |
| France | – | – | 400 000 | 400 000 | – | 150 602 | 550 602 | – | – |
| Germany | – | – | 1 000 000 | 1 000 000 | – | – | 1 000 000 | – | – |
| Greece | – | – | 144 300 | 144 300 | – | – | 144 300 | – | – |
| Italy | – | – | 418 234 | 418 234 | – | – | 418 234 | – | – |
| Japan | – | – | 1 500 000 | 1 500 000 | – | – | 1 500 000 | – | – |
| Kuwait | – | – | 1 000 000 | 1 000 000 | – | – | 1 000 000 | – | – |
| Netherlands | – | – | 1 371 464 | 1 371 464 | – | – | 1 371 464 | – | – |
| Norway | – | – | 2 000 802 | 2 000 802 | – | – | 2 000 802 | – | – |
| Philippines | – | – | 25 000 | 25 000 | – | – | 25 000 | – | – |
| Qatar | – | – | 100 000 | 100 000 | – | – | 100 000 | – | – |
| Republic of Korea | – | – | 100 000 | 100 000 | – | – | 100 000 | – | – |
| Sweden | – | – | 100 000 | 100 000 | – | – | 100 000 | – | – |
| Turkey | – | – | 50 000 | 50 000 | – | – | 50 000 | – | – |
| United Arab Emirates | – | – | 1 000 000 | 1 000 000 | – | – | 1 000 000 | – | – |
| United Kingdom of Great Britain and Northern Ireland | – | – | 710 512 | 710 512 | – | – | 710 512 | – | – |
| United States of America | – | – | 1 218 259 | 1 218 259 | – | – | 1 218 259 | – | – |
| **Subtotal, E** | **–** | **–** | **11 685 771** | **11 685 771** | **–** | **150 602** | **11 836 373** | **–** | **–** |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Income from pledges for 2010-2011: Special purpose (c) | Income from pledges for 2010-2011: Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| **F. Voluntary contributions for the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children** | | | | | | | | | |
| Austria | – | – | 26 422 | 26 422 | – | – | 26 422 | – | – |
| Belarus | – | – | 20 797 | 20 797 | – | – | 20 797 | – | – |
| France | – | – | 24 217 | 24 217 | – | – | 24 217 | – | – |
| Ecuador | – | – | 5 000 | 5 000 | – | – | 5 000 | – | – |
| Luxembourg | – | – | 40 161 | 40 161 | – | – | 40 161 | – | – |
| Malaysia | – | – | 5 062 | 5 062 | – | – | 5 062 | – | – |
| Qatar | – | – | 99 156 | 99 156 | – | – | 99 156 | – | – |
| Philippines | – | – | 10 000 | 10 000 | – | – | 10 000 | – | – |
| Thailand | – | – | 24 625 | 24 625 | – | – | 24 625 | – | – |
| Naguib Sawiris | – | – | 200 000 | 200 000 | – | – | 200 000 | – | – |
| Beulah London | – | – | 3 726 | 3 726 | – | – | 3 726 | – | – |
| Public donations accumulated from various sources not more than $50,000 annually | – | – | 4 241 | 4 241 | – | – | 4 241 | – | – |
| **Subtotal, F** | **–** | **–** | **463 408** | **463 408** | **–** | **–** | **463 408** | **–** | **–** |
| Total voluntary contributions | | | | | | | | | |
| **Total, A-F** | **43 209 504** | **5 872 983** | **217 593 634** | **223 466 617** | **46 256 810** | **(21 679 111)** | **227 777 001** | **890 119** | **64 366 940** |
| **G. Funds received under inter-organizational arrangements** | | | | | | | | | |
| Department of Peacekeeping Operations | – | – | 15 000 | 15 000 | – | – | 15 000 | – | – |
| International Maritime Organization | – | – | 40 000 | 40 000 | – | – | 40 000 | – | – |
| IOM–UNODC–UNHCR | – | – | 361 100 | 361 100 | – | – | 135 355 | – | 225 745 |

| Donor | Unpaid pledges as at 1 January 2010 (a) | Income from pledges for 2010-2011: General purpose (b) | Special purpose (c) | Total 2010-2011 (d) = (b+c) | Pledges for future years (e) | Adjustments (f) | Collections (g) | Revaluation (losses) gains (h) | Unpaid pledges as at 31 December 2011 (i) = (a+d+e+f-g+h) |
|---|---|---|---|---|---|---|---|---|---|
| MDTF/MDG Fund/UNDP Spain | 2 824 373 | – | 3 219 235 | 3 219 235 | 602 525 | (3 661 235)[a] | 1 987 841 | – | 997 057 |
| One UN — Cape Verde | – | – | 1 098 205 | 1 098 205 | – | (251 106)[a] | 847 099 | – | – |
| One UN — Viet Nam | 193 103 | – | 653 050 | 653 050 | – | (463 750)[a] | 371 045 | – | 11 358 |
| Peacebuilding Fund | – | – | 270 400 | 270 400 | 544 630 | – | 815 030 | – | – |
| United Nations Democracy Fund | 384 747 | – | 226 831 | 226 831 | – | (226 831)[a] | 225 071 | – | 159 676 |
| UNDP | 2 061 944 | – | 1 739 368 | 1 739 368 | – | (2 282 246)[a,c] | 1 353 789 | 588 | 165 865 |
| UNEP | – | – | 50 000 | 50 000 | 43 500 | – | 93 500 | – | – |
| UNOPS | 184 616 | – | 150 000 | 150 000 | – | (31 116)[c] | 303 500 | – | – |
| United Nations Trust Fund for Human Security | 654 947 | – | 314 925 | 314 925 | – | – | 605 216 | – | 364 656 |
| WHO | 15 819 | – | – | – | – | – | 14 794 | (1 025) | – |
| **Subtotal, G** | **6 319 549** | **–** | **8 138 113** | **8 138 113** | **1 190 655** | **(6 916 284)** | **6 807 240** | **(437)** | **1 924 357** |
| **Total, A-G** | **49 529 053** | **5 872 983** | **225 731 747** | **231 604 730** | **47 447 465** | **(28 595 395)** | **234 584 240** | **889 683** | **66 291 296** |

[a] Accounting adjustments pertaining to pledges for 2010-2013 that were recorded in prior period.
[b] Transfer to/from Drug Programme Funds.
[c] Pledges written off.
[d] Realized savings from the Twelfth United Nations Congress on Crime Prevention and Criminal Justice (Salvador, Brazil, 12-19 April 2010).

Schedule 4

**Consolidated budget and expenditure for the biennium ended 31 December 2011**

(Thousands of United States dollars)

| | *Drug Programme Fund* | | | *Crime Programme Fund* | | | *Total* | | |
|---|---|---|---|---|---|---|---|---|---|
| *Category* | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* |
| **I. Executive direction and management** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 1 135.9 | 673.8 | 462.1 | 91.9 | 66.2 | 25.7 | 1 227.8 | 740.0 | 487.8 |
| Non-post[a] | 378.5 | 462.1 | (83.6) | – | 2.1 | (2.1) | 378.5 | 464.2 | (85.7) |
| **Subtotal, general purpose** | **1 514.4** | **1 135.9** | **378.5** | **91.9** | **68.3** | **23.6** | **1 606.3** | **1 204.2** | **402.1** |
| Programme support | | | | | | | | | |
| Post | 177.0 | 124.4 | 52.6 | – | – | – | 177.0 | 124.4 | 52.6 |
| Non-post | – | 25.1 | (25.1) | – | – | – | – | 25.1 | (25.1) |
| **Subtotal, programme support** | **177.0** | **149.5** | **27.5** | – | – | – | **177.0** | **149.5** | **27.5** |
| Special purpose[b] | 650.0 | 436.7 | 213.3 | – | – | – | 650.0 | 436.7 | 213.3 |
| **Subtotal, I** | **2 341.4** | **1 722.1** | **619.3** | **91.9** | **68.3** | **23.6** | **2 433.3** | **1 790.4** | **642.9** |
| **II. Programme of work** | | | | | | | | | |
| **A. Subprogramme 1: Rule of law** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | – | – | – | – | – | – | – | – | – |
| Non-post | – | – | – | 40.0 | 28.8 | 11.2 | 40.0 | 28.8 | 11.2 |
| **Subtotal, general purpose** | – | – | – | **40.0** | **28.8** | **11.2** | **40.0** | **28.8** | **11.2** |
| Programme support | | | | | | | | | |
| Post | – | – | – | – | – | – | – | – | – |
| Non-post | – | – | – | – | – | – | – | – | – |
| **Subtotal, programme support** | – | – | – | – | – | – | – | – | – |
| Special purpose[c] | 2 288.3 | 2 072.0 | 216.3 | 41 540.0 | 31 973.7 | 9 566.3 | 43 828.3 | 34 045.7 | 9 782.6 |
| **Subtotal, II.A** | **2 288.3** | **2 072.0** | **216.3** | **41 580.0** | **32 002.5** | **9 577.5** | **43 868.3** | **34 074.5** | **9 793.8** |
| **B. Subprogramme 2: Policy and trend analysis** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 4 394.3 | 4 233.4 | 160.9 | 922.1 | 871.4 | 50.7 | 5 316.4 | 5 104.8 | 211.6 |

| Category | Drug Programme Fund | | | Crime Programme Fund | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* |
| Non-post[a] | 660.3 | 581.7 | 78.6 | – | – | – | 660.3 | 581.7 | 78.6 |
| **Subtotal, general purpose** | **5 054.6** | **4 815.1** | **239.5** | **922.1** | **871.4** | **50.7** | **5 976.7** | **5 686.5** | **290.2** |
| Programme support | | | | | | | | | |
| Post | 505.1 | 555.7 | (50.6) | 321.3 | 225.9 | 95.4 | 826.4 | 781.6 | 44.8 |
| Non-post | – | – | – | – | 50.0 | (50.0) | – | 50.0 | (50.0) |
| **Subtotal, programme support** | **505.1** | **555.7** | **(50.6)** | **321.3** | **275.9** | **45.4** | **826.4** | **831.6** | **(5.2)** |
| Special purpose[b] | 10 005.2 | 7 529.1 | 2 476.1 | 4 123.6 | 3 114.4 | 1 009.2 | 14 128.8 | 10 643.5 | 3 485.3 |
| **Subtotal, II.B** | **15 564.9** | **12 899.9** | **2 665.0** | **5 367.0** | **4 261.7** | **1 105.3** | **20 931.9** | **17 161.6** | **3 770.3** |
| **C.1. Subprogramme 3: Prevention, treatment and reintegration and alternative development (headquarters)** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 1 223.6 | 1 051.0 | 172.6 | 291.3 | 223.4 | 67.9 | 1 515.0 | 1 274.4 | 240.6 |
| Non-post[c] | 150.5 | 146.1 | 4.4 | – | – | – | 150.5 | 146.1 | 4.4 |
| **Subtotal, general purpose** | **1 374.1** | **1 197.1** | **177.0** | **291.3** | **223.4** | **67.9** | **1 665.5** | **1 420.5** | **245.0** |
| Programme support | | | | | | | | | |
| Post | 4 562.8 | 4 441.8 | 121.0 | 1 970.1 | 1 999.8 | (29.7) | 6 532.9 | 6 441.6 | 91.3 |
| Non-post | 1 264.4 | 996.4 | 268.0 | 269.2 | 237.6 | 31.6 | 1 533.6 | 1 234.0 | 299.6 |
| **Subtotal, programme support** | **5 827.2** | **5 438.2** | **389.0** | **2 239.3** | **2 237.4** | **1.9** | **8 066.5** | **7 675.6** | **390.9** |
| Special purpose[d] | 44 213.7 | 36 780.9 | 7 432.8 | 32 341.5 | 27 046.1 | 5 295.4 | 76 555.2 | 63 827.0 | 12 728.2 |
| **Subtotal, II.C.1** | **51 415.0** | **43 416.2** | **7 998.8** | **34 872.1** | **29 506.9** | **5 365.2** | **86 287.1** | **72 923.1** | **13 364.0** |
| **C.2. Subprogramme 3: Prevention, treatment and reintegration and alternative development (field offices)** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 6 178.2 | 6 403.7 | (225.5) | 2 754.3 | 2 889.6 | (135.3) | 8 932.4 | 9 293.3 | (360.9) |
| Non-post | – | – | – | – | – | – | – | – | – |
| **Subtotal, general purpose** | **6 178.2** | **6 403.7** | **(225.5)** | **2 754.3** | **2 889.6** | **(135.3)** | **8 932.4** | **9 293.3** | **(360.9)** |

| Category | Drug Programme Fund | | | Crime Programme Fund | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* |
| Programme support | | | | | | | | | |
| Post | 4 071.9 | 3 672.5 | 399.4 | 1 266.6 | 1 402.0 | (135.4) | 5 338.5 | 5 074.5 | 264.0 |
| Non-post | 4 751.5 | 5 190.2 | (438.7) | 1 887.2 | 1 781.8 | 105.4 | 6 638.7 | 6 972.0 | (333.3) |
| **Subtotal, programme support** | **8 823.3** | **8 862.7** | **(39.4)** | **3 153.8** | **3 183.8** | **(30.0)** | **11 977.1** | **12 046.5** | **(69.4)** |
| Special purpose[c,d] | 181 422.2 | 185 739.2 | (4 317.0) | 89 099.5 | 85 254.5 | 3 845.0 | 270 521.7 | 270 993.7 | (472.0) |
| **Subtotal, II.C.2** | **196 423.7** | **201 005.6** | **(4 581.9)** | **95 007.6** | **91 327.9** | **3 679.7** | **291 431.3** | **292 333.5** | **(902.2)** |
| **III. Programme support** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 1 076.9 | 1 045.2 | 31.7 | 151.3 | 136.2 | 15.1 | 1 228.2 | 1 181.4 | 46.8 |
| Non-post[a] | 1 180.2 | 1 140.7 | 39.5 | – | – | – | 1 180.2 | 1 140.7 | 39.5 |
| **Subtotal, general purpose** | **2 257.1** | **2 185.9** | **71.2** | **151.3** | **136.2** | **15.1** | **2 408.4** | **2 322.1** | **86.3** |
| Programme support | | | | | | | | | |
| Post | 6 591.7 | 5 752.4 | 839.3 | 1 822.8 | 1 699.8 | 123.0 | 8 414.5 | 7 452.2 | 962.3 |
| Non-post | 1 046.2 | 1 056.5 | (10.3) | 674.3 | 669.8 | 4.5 | 1 720.5 | 1 726.3 | (5.8) |
| **Subtotal, programme support** | **7 637.9** | **6 808.9** | **829.0** | **2 497.1** | **2 369.6** | **127.5** | **10 135.0** | **9 178.5** | **956.5** |
| Special purpose | 1 594.7 | 1 450.9 | 143.8 | 6 717.2 | 6 715.8 | 1.4 | 8 311.9 | 8 166.7 | 145.2 |
| **Subtotal, III** | **11 489.6** | **10 445.7** | **1 043.9** | **9 365.6** | **9 221.6** | **144.0** | **20 855.2** | **19 667.3** | **1 187.9** |
| **Summary, I-III** | | | | | | | | | |
| General purpose | | | | | | | | | |
| Post | 14 008.8 | 13 407.1 | 601.7 | 4 210.9 | 4 186.8 | 24.1 | 18 219.8 | 17 593.9 | 625.9 |
| Non-post | 2 369.5 | 2 330.6 | 38.9 | 40.0 | 30.9 | 9.1 | 2 409.4 | 2 361.5 | 47.9 |
| Loss from currency fluctuations | – | 1 495.1 | (1 495.1) | – | 569.9 | (569.9) | – | 2 064.9 | (2 064.9) |
| **Subtotal, general purpose** | **16 378.3** | **17 232.8** | **(854.4)** | **4 250.9** | **4 787.6** | **(536.7)** | **20 629.2** | **22 020.3** | **(1 391.1)** |
| Programme support | | | | | | | | | |
| Post | 15 908.5 | 14 546.8 | 1 361.7 | 5 380.8 | 5 327.5 | 53.3 | 21 289.3 | 19 874.3 | 1 415.0 |
| Non-post | 7 062.1 | 7 268.2 | (206.1) | 2 830.7 | 2 739.2 | 91.5 | 9 892.7 | 10 007.4 | (114.7) |

| Category | Drug Programme Fund | | | Crime Programme Fund | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* | *2010-2011 revised budget* | *Expenditure* | *Balance* |
| Loss from currency fluctuations | – | 322.9 | (322.9) | – | 184.7 | (184.7) | – | 507.5 | (507.5) |
| **Subtotal, programme support** | **22 970.6** | **22 137.9** | **832.7** | **8 211.5** | **8 251.4** | **(39.9)** | **31 182.0** | **30 389.2** | **792.7** |
| Special purpose | 240 174.1 | 234 008.8 | 6 165.3 | 173 821.8 | 154 104.5 | 19 717.3 | 413 995.9 | 388 113.3 | 25 882.6 |
| External executing agencies | 1 053.4 | 720.0 | 333.4 | 402.1 | 945.4 | (543.3) | 1 455.5 | 1 665.4 | (209.9) |
| Loss from currency fluctuations | – | 4 415.2 | (4 415.2) | – | 3 746.4 | (3 746.4) | – | 8 161.5 | (8 161.5) |
| **Subtotal, special purpose** | **241 227.5** | **239 144.0** | **2 083.5** | **174 223.9** | **158 796.3** | **15 427.7** | **415 451.4** | **397 940.2** | **17 511.2** |
| **Total, I-III** | **280 576.4** | **278 514.6** | **2 061.8** | **186 686.3** | **171 835.2** | **14 851.1** | **467 262.6** | **450 349.8** | **16 912.8** |

*Note*: The 2010-2011 revised budget figures are based on those contained in document E/CN.7/2011/11-E/CN.15/2011/11, with adjustments as set out in the footnotes.

[a] The budget for the shared support services which was split in the Drug Programme Fund between Executive direction and management, subprogramme 2, subprogramme 3 (headquarters) and programme support is now fully reflected under programme support.

[b] The budget and expenditure for an Independent Evaluation Unit project which was budgeted in the Drug Programme Fund, subprogramme 2, is now reflected under Executive direction and management.

[c] The budget for a project of the Crime Programme Fund which was budgeted in the Drug Programme Fund, subprogramme 1, is now reflected under Crime Programme Fund, subprogramme 3 (field offices).

[d] The expenditure includes transfers of programme support cost funds to special-purpose funds to cover shortfalls in projects. The net difference with the expenditure as reflected in the financial statement is due to transfers to cover prior-period shortfalls.

## Schedule 5
## Consolidated programme support costs, by implementing agency and source
(United States dollars)

| | Expenditure | | | | Programme support costs | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Implementing partners | | | | UNODC | | | Total | |
| | General purpose | Special purpose | Programme support | Total | Special purpose | Programme support | Total | Percentage | Special purpose | Total | Percentage | Amount | Percentage |
| **I. Programme support costs on expenditure** | | | | | | | | | | | | | |
| **A. UNODC implementation** | | | | | | | | | | | | | |
| 1. Drug Programme | 15 737 651 | 89 673 383 | 13 462 358 | 118 873 391 | | | | | 10 636 263 | 10 636 263 | 8.9 | 10 636 263 | 8.9 |
| 2. Crime Programme[a] | 4 217 769 | 79 376 177 | 8 734 533 | 92 328 479 | | | | | 8 043 090 | 8 043 090 | 8.7 | 8 043 090 | 8.7 |
| **Subtotal, A** | **19 955 420** | **169 049 560** | **22 196 891** | **211 201 871** | | | | | **18 679 353** | **18 679 353** | **8.8** | **18 679 353** | **8.8** |
| **B. Partners implementation/support** | | | | | | | | | | | | | |
| 1. Drug Programme | | | | | | | | | | | | | |
| United Nations entities | | | | | | | | | | | | | |
| UNDP | | 109 627 610 | 8 094 673 | 117 722 283 | (68) | | (68) | – | 13 031 414 | 13 031 414 | 11.1 | 13 031 346 | 11.1 |
| UNFPA | | 859 988 | | 859 988 | 52 073 | | 52 073 | 6.1 | 59 725 | 59 725 | 6.9 | 111 798 | 13.0 |
| UNOPS | | 4 885 713 | | 4 885 713 | 339 643 | | 339 643 | 7.0 | 278 694 | 278 694 | 5.7 | 618 337 | 12.7 |
| Specialized agencies | | | | | | | | | | | | | |
| FAO | | 10 641 | | 10 641 | 958 | | 958 | 9.0 | 424 | 424 | 4.0 | 1 382 | 13.0 |
| WHO | | 235 420 | | 235 420 | 30 710 | | 30 710 | 13.0 | (21 043) | (21 043) | (8.9) | 9 667 | 4.1 |
| IOM | | 2 889 382 | | 2 889 382 | 196 630 | | 196 630 | 6.8 | 168 540 | 168 540 | 5.8 | 365 169 | 12.6 |
| Intergovernmental organizations | | | | | | | | | | | | | |
| WCO | | 1 109 859 | | 1 109 859 | 77 690 | | 77 690 | 7.0 | 62 830 | 62 830 | | 140 520 | 12.7 |
| **Subtotal, B.1** | **–** | **119 618 614** | **8 094 673** | **127 713 287** | **697 635** | | **697 635** | **0.5** | **13 580 584** | **13 580 584** | **10.6** | **14 278 219** | **11.2** |
| 2. Crime Programme | | | | | | | | | | | | | |
| United Nations entities | | | | | | | | | | | | | |
| UNDP | | 55 722 702 | | 55 722 702 | 56 885 | | 56 885 | 0.1 | 5 889 532 | 5 889 532 | 10.6 | 5 946 417 | 10.7 |
| UNOPS | | 14 833 092 | | 14 833 092 | 809 528 | | 809 528 | 5.5 | 839 820 | 839 820 | 5.7 | 1 649 348 | 11.1 |

| | *Expenditure* | | | | *Programme support costs* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *Implementing partners* | | | | *UNODC* | | | *Total* | |
| | *General purpose* | *Special purpose* | *Programme support* | *Total* | *Special purpose* | *Programme support* | *Total* | *Percentage* | *Special purpose* | *Total* | *Percentage* | *Amount* | *Percentage* |
| UNPOS | | 107 000 | | 107 000 | 7 000 | | 7 000 | 6.5 | 3 000 | 3 000 | 2.8 | 10 000 | 9.3 |
| Specialized agencies | | | | | | | | | | | | | |
| IOM | | 1 001 478 | | 1 001 478 | 71 956 | | 71 956 | 7.2 | 25 121 | 25 121 | 2.5 | 97 076 | 9.7 |
| **Subtotal, B.2** | | **71 664 271** | | **71 664 271** | **945 368** | | **945 368** | **1.3** | **6 757 473** | **6 757 473** | **9.4** | **7 702 842** | **10.7** |
| **Subtotal, B** | | **191 282 885** | **8 094 673** | **199 377 558** | **1 643 003** | | **1 643 003** | **0.8** | **20 338 057** | **20 338 057** | **10.2** | **21 981 061** | **11.0** |
| **C. National execution** | | | | | | | | | | | | | |
| 1. Drug Programme | | 24 794 460 | | 24 794 460 | 22 377 | | 22 377 | 0.1 | 1 217 328 | 1 217 328 | 4.9 | 1 239 705 | 5.0 |
| 2. Crime Programme | | 2 372 911 | | 2 372 911 | | | | | 118 646 | 118 646 | 5.0 | 118 646 | 5.0 |
| **Subtotal, C** | | **27 167 371** | | **27 167 371** | **22 377** | | **22 377** | **0.1** | **1 335 974** | **1 335 974** | **4.9** | **1 358 351** | **5.0** |
| **D. Total programme support costs on expenditure** | | | | | | | | | | | | | |
| 1. Drug Programme | 15 737 651 | 234 086 457 | 21 557 031 | 271 381 138 | 720 012 | | 720 012 | 0.3 | 25 434 175 | 25 434 175 | 9.4 | 26 154 187 | 9.6 |
| 2. Crime Programme | 4 217 769 | 153 413 360 | 8 734 533 | 166 365 663 | 945 368 | | 945 368 | 0.6 | 14 919 208 | 14 919 208 | 9.0 | 15 864 577 | 9.5 |
| **Subtotal, I** | **19 955 420** | **387 499 816** | **30 291 564** | **437 746 800** | **1 665 380** | | **1 665 380** | **0.4** | **40 353 384** | **40 353 384** | **9.2** | **42 018 764** | **9.6** |

| | Allocation balance[b] | | | | Programme support costs | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Implementing partners | | | | UNODC | | | Total | |
| | General purpose | Special purpose | Programme support | Total | Special purpose | Programme support | Total | Percentage | Special purpose | Total | Percentage | Amount | Percentage |
| **II. Programme support costs on allocation balance** | | | | | | | | | | | | | |
| 1. Drug Programme | | | | | | | | | | | | | |
| United Nations entities | | | | | | | | | | | | | |
| UNOPS | | 79 951 | | 79 951 | | | | | 4 397 | 4 397 | 5.5 | 4 397 | 5.5 |
| Specialized agencies | | | | | | | | | | | | | |
| **Subtotal, II.1** | | **79 951** | | **79 951** | | | | | **4 397** | **4 397** | **5.5** | **4 397** | **5.5** |
| 2. Crime Programme | | | | | | | | | | | | | |
| United Nations entities | | | | | | | | | | | | | |
| UNOPS | | 422 693 | | 422 693 | | | | | 23 248 | 23 248 | 5.5 | 23 248 | 5.5 |
| UNDP | | 449 622 | | 449 622 | | | | | 12 613 | 12 613 | 2.8 | 12 613 | 2.8 |
| UNPOS | | 107 000 | | 107 000 | | | | | 3 000 | 3 000 | 2.8 | 3 000 | 2.8 |
| Specialized agencies | | | | | | | | | | | | | |
| IOM | | 238 516 | | 238 516 | | | | | | | | | |
| **Subtotal, II.2** | | **1 217 831** | | **1 217 831** | | | | | **38 861** | **38 861** | **3.2** | **38 861** | **3.2** |
| **Subtotal, II** | | **1 297 782** | | **1 297 782** | | | | | **43 259** | **43 259** | **3.3** | **43 259** | **3.3** |

| | *Expenditure and allocation balance* | | | | *Programme support costs* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *Implementing partners* | | | | *UNODC* | | | *Total* | |
| | *General purpose* | *Special purpose* | *Programme support* | *Total* | *Special purpose* | *Programme support* | *Total* | *Percentage* | *Special purpose* | *Total* | *Percentage* | *Amount* | *Percentage* |
| **III. Totals** | | | | | | | | | | | | | |
| **1. Drug Programme** | **15 737 651** | **234 166 408** | **21 557 031** | **271 461 090** | **720 012** | | **720 012** | **0.3** | **25 438 573** | **25 438 573** | **9.4** | **26 158 585** | **9.6** |
| **2. Crime Programme** | **4 217 769** | **154 631 190** | **8 734 533** | **167 583 493** | **945 368** | | **945 368** | **0.6** | **14 958 070** | **14 958 070** | **8.9** | **15 903 438** | **9.5** |
| **Total** | **19 955 420** | **388 797 598** | **30 291 564** | **439 044 583** | **1 665 380** | | **1 665 380** | **0.4** | **40 396 642** | **40 396 642** | **9.2** | **42 062 023** | **9.6** |

*Note*: The schedule shows expenditure in relation to the programme support costs generated and therefore does not include the exchange losses of $953,665 for the Drug Programme general-purpose fund, $4,956,588 for the Drug Programme special-purpose fund, $322,852 for the Drug Programme programme support costs fund, $33,671 for the Crime Programme general-purpose fund, $4,282,536 for the Crime Programme special-purpose fund and $184,676 for the Crime Programme programme support costs fund.

[a] UNODC implementation for Crime Programme Funds includes the UNICRI sub-account, the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia and the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children.

[b] Allocation balance reserved for implementing partners implementation is based on unliquidated obligations reported by implementing partners as at 31 December 2011.

## Notes to the financial statements

### Note 1
### Statement of aims

(a) UNODC is mandated to assist Member States in their struggle against illicit drugs, crime, and terrorism in all its forms and manifestations. The three pillars of the work programme of UNODC are: (i) normative services to facilitate the implementation of international legal instruments and their transformation into global norms, as well as facilitating negotiation of international legal instruments; (ii) research and analysis to increase knowledge and understanding of drug, crime and terrorism issues and expansion of the evidence base for policymaking and operational decisions; and (iii) technical assistance to provide expertise to Member States in preparing for signature and ratification of international legal instruments and facilitating their implementation and providing Member States with legislative assistance and facilitating national capacity-building, inter alia, in the area of multilateral standards and norms.

(b) The Fund of the United Nations International Drug Control Programme is primarily concerned with technical cooperation programmes and projects in drug control. The United Nations Crime Prevention and Criminal Justice Fund is primarily concerned with technical cooperation programmes and projects in crime prevention, criminal justice and criminal law reform.

### Note 2
### Accounting policies

(a) Accounting conventions:

(i) The accounts of the Drug Programme and Crime Programme Funds are maintained in accordance with the Financial Regulations and Rules of the United Nations, the Financial Rules of UNODC and the United Nations system accounting standards. Going concern, consistency and accrual are fundamental accounting assumptions. Prudence, substance over form, and materiality govern the selection and application of accounting policies. Notes to the financial statements disclose all significant accounting policies and changes in accounting policies that materially affect the financial statements;

(ii) The accounts are maintained on a fund accounting basis. Each fund is a distinct financial and accounting entity with a separate self-balancing group of accounts. Separate financial statements are prepared for the Drug Programme and Crime Programme Funds, which are combined to present the consolidated financial statements;

(iii) The consolidated cash flow statement is based on the indirect method of cash flows as referred to in the United Nations system accounting standards;

(iv) The financial period is a biennium consisting of two consecutive calendar years. The financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(v) The accounts are maintained and presented in United States dollars. Transactions in other currencies are translated into United States dollars at the

time of the transactions at rates of exchange established by the United Nations. In respect of such currencies, the financial statements reflect the cash, investments, unpaid pledges, and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect at the date of the presentation of the statements;

(vi) The financial statements of the Drug Programme and the Crime Programme Funds are presented according to general-purpose, special-purpose and programme support funds. General-purpose funds are unearmarked resources that finance the executive direction and management of UNODC, as well as programme and programme support costs both at headquarters in Vienna and in the field. They are also used to fund advances for projects and other field operations. Special-purpose funds are earmarked voluntary contributions, which finance the Office's technical cooperation and other substantive activities at headquarters and in the field. Starting in 2008, UNODC reported programme support resources recovered through the application of a charge against activities funded from special-purpose contributions as a separate category of funds. In previous bienniums such resources were classified as general-purpose funds. This change was approved in resolutions 50/14 and 16/6 of the Commission on Narcotic Drugs and the Commission on Crime Prevention and Criminal Justice, respectively;

(vii) The Crime Programme Fund account includes sub-accounts for UNICRI, the Trust Fund to Support Initiatives of States Countering Piracy off the Coast of Somalia and the United Nations Voluntary Trust Fund for Victims of Trafficking in Persons, Especially Women and Children. The presentation of consolidated financial statements for the Drug Programme and Crime Programme Funds facilitates the review of the work of UNODC and does not imply that these Funds have been intermingled. The consolidation process requires the elimination of transactions between the Funds for accurate presentation in the "total" column. The elimination removes double-counting of income and expenditure and includes receivable and payable offsets and adjustments to fund balances. All such eliminations are presented under the separate "eliminations" column and row.

(b) Income:

(i) In accordance with the policy of the United Nations Secretariat and the recommendation of the Board of Auditors that UNODC account for contributions on an accrual rather than on a cash basis (see A/61/5/Add.9), income from voluntary contributions are recognized on an accrual basis;

(ii) Voluntary contributions from Member States and other donors are recognized on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions include cost-sharing contributions, income from other Governmental organizations and public donations. Voluntary contributions in kind are disclosed in note 11;

(iii) Income received under inter-organizational arrangements represents allocations of funds from agencies to allow UNODC to administer projects or other programmes on their behalf;

(iv) The UNODC share of programme support costs charged to projects and activities charged to special-purpose funds is credited as income to its programme support funds to meet related support expenditure. This programme support income, however, is then eliminated in consolidating income to avoid double-counting income already recognized under special-purpose contributions. In accordance with United Nations policies governing trust funds, the UNODC share of programme support income on the balance of unspent allocations issued to implementing partners is also recognized;

(v) Interest income includes all interest earned on deposits in UNODC bank accounts and investment income earned in the United Nations cash pool accounts. Special-purpose, programme support and general-purpose funds are not invested separately, as investments are pooled to maximize returns. Interest income on total investments is split according to the general-purpose, special-purpose and programme support fund balances. The special-purpose fund share of interest income to the Drug Programme and Crime Programme Funds is then distributed to special-purpose project accounts or refunded according to donor funding arrangements. The remaining balance is credited to general-purpose funds. This distribution is shown as a transfer between general- and special-purpose funds in the financial statements;

(vi) Miscellaneous income includes refunds of expenditure charged to prior periods, income for services rendered, savings on or cancellation of prior-period obligations and other sundry income.

(c) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authority. Expenditure incurred directly by UNODC includes unliquidated obligations and disbursements. Expenditure incurred by implementing partners includes disbursements made by them on behalf of UNODC. Loss on currency fluctuations (including currency exchange adjustments arising from revaluation of current-period obligations, bank accounts, investment pools and outstanding receivables) is reported as a part of operating expenses in the second year of the biennium;

(ii) A programme support charge of up to 13 per cent for programme and project execution is levied by UNODC. Where implementation of a programme or project is shared with an implementing partner, programme support charges are also shared, with the combined amount not exceeding 13 per cent. Programme support costs paid in the biennium to implementing partners under this arrangement are charged to programme expenditure in the financial statements, since they constitute an outflow of funds from the organization. Programme support costs retained by UNODC under this arrangement are then eliminated in the "eliminations" column to avoid double-counting with actual programme support expenditure;

(iii) Expenditure incurred for non-expendable property is charged to the budget of the period when the property was acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost and is disclosed in note 10.

(d) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits in UNODC headquarters bank accounts and UNODC field office bank accounts. Cash also includes imprest and petty cash in UNODC field offices, in UNICRI and with ESCAP;

(ii) Cash pool funds — see note 6;

(iii) Inter-fund balances reflect transactions between funds and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions made directly with the United Nations General Fund. Inter-fund balances are settled periodically;

(iv) Accounts receivable include contributions receivable, inter-fund balances receivable, advances to implementing partners and other receivables;

(v) Other assets represent deferred charges. Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery. Loss on currency fluctuations are included as deferred charges in the first year of the biennium. For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled.

(e) Liabilities:

(i) Unpaid commitments and valid commitments against future financial periods are shown as unliquidated obligations. Obligations remain valid for 12 months following the end of the biennium to which they relate;

(ii) Accounts payable include advances due to implementing partners, inter-fund balances payable and other payables;

(iii) Deferred income includes pledged contributions for future periods where the pledge document categorically specifies the fiscal year(s) in which the contributions shall be made;

(iv) Accrued liabilities for end-of-service and post-retirement benefits, comprising after-service health insurance, unused annual leave days, end-of-service allowances and repatriation benefits, are included as liabilities in the statement of assets, liabilities and reserves and fund balances, in accordance with United Nations accounting policy and General Assembly resolution 60/255 with respect to recognition of after-service health insurance liabilities (note 7);

(v) UNODC participates in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death,

disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. The contribution of the Office to the Pension Fund consists of its mandated contribution at the rate established by the Assembly, currently 7.9 per cent for the participant and 15.8 per cent for the organizations, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the United Nations Joint Staff Pension Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. As at 31 December 2011, the Assembly had not invoked this provision.

(f) Reserves and fund balances:

(i) Prior-period adjustments include adjustments to prior-period income and the write-off and cancellation of prior-period pledges (note 4);

(ii) Net changes of provisions and reserves reflect movements of the reserve for allocations;

(iii) Transfers to and from other funds are performed in accordance with terms and conditions as agreed with donors;

(iv) Refunds to donors are funds that are surplus to the requirements of specific projects and are returned to donors in accordance with the terms and conditions set forth in funding agreements;

(v) Reserves for allocations are established to cover unspent budgetary allocations and outstanding operating funds advanced to implementing partners.

**Note 3**
**Effect of changes in accounting policies**

There were no significant changes in accounting policies during the biennium 2010-2011.

**Note 4**
**Prior-period adjustments**

(a) The Drug Programme Fund balance reflects write-offs of a $10,000 pledge balance from Algeria, a $64,935 pledge balance from Belgium, a $220,562 pledge balance from the Plurinational State of Bolivia, a $43,493 pledge balance from the United Kingdom of Great Britain and Northern Ireland, a $28,244 pledge balance from UNDP, pledge balances of $109,302 and $2,898,000 from Brazil, pledge balances of $372,175, $59,283 and $89,134 from Colombia, a $123,550 pledge balance from Nigeria, pledge balances of $508,950 and $1,101,050 from Qatar, pledge balances of $120,000 and $2,034 from UNAIDS, a pledge balance of $41,000 from the United States of America and a pledge balance of $224,873 from the World Bank.

(b) The Crime Programme Fund balance reflects write-offs of a $29,154 pledge balance from Austria, a $12,239 pledge balance from Belgium, pledge balances of $9,017 and $3,784 from Canada, pledge balances of $50,900 and

$20,391 from Germany, a $31,116 pledge balance from UNOPS, a $179,587 pledge balance from Finland, a $25,840 pledge balance from Hungary, a $14,720 pledge balance from the United Kingdom and pledge balances of $232,787, $612,078, $329,470, $37,800 and $83,944 from UNDP. The UNICRI sub-account reflects write-offs of a pledge balance of $500,000 from Fonds de lutte contre le trafic des stupéfiants and $7,752 from Consiglio dell'Ordine degli Avvocati. The Crime Programme Fund also adjusted its prior-period income by $118,380, which was previously recognized as a general-purpose contribution from Belgium to the Crime Programme Fund in 2009 and by $42,373, which was previously recognized as a contribution from Colombia to the Fund in 2008.

**Note 5**
**Operating funds advanced to (due to) implementing partners**

(United States dollars)

| *Implementing partners* | *Operating funds advanced to implementing partners as at 31 December 2011* | *Operating funds due to implementing partners as at 31 December 2011* |
|---|---|---|
| United Nations entities | | |
| UNDP | 6 536 152 | – |
| UNFPA | 41 456 | – |
| UNOPS | 2 214 191 | 1 194 090 |
| UNICEF | 75 900 | – |
| UNPOS | 107 00 | – |
| Specialized agencies | | |
| FAO | 7 150 | – |
| IOM | 661 738 | – |
| WHO | – | 4 257 |
| Intergovernmental organizations | | |
| African Union | – | 61 161 |
| World Customs Organization | – | 131 867 |
| OSCE | 1 829 | – |
| Non-governmental organizations | | |
| Grupo 8 Seguranca | 4 484 | – |
| OeWF | 129 199 | – |
| Banco Agrario de Colombia Nit | 1 860 582 | – |
| **Total** | **11 639 681** | **1 391 375** |

**Note 6**
**Cash pool**

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including UNODC. Such surplus funds are combined in one of three internally managed cash pools, which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities of all the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance of the various cash pools.

(b) Investment management objectives:

Further to the Guidelines, the investment objectives of all the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to allow the United Nations and participating entities to readily meet all operating requirements. Only assets that have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return, taking into account investment risk constraints and the cash flow characteristics of the pool. Benchmarks determine whether satisfactory market returns are being achieved in the cash pool.

(c) Cash pools:

(i) UNODC participates in the following cash pools:

a. Cash pool of offices away from Headquarters, which has investments only in United States dollars and is for use by funds whose main books of accounts are maintained in one of the offices away from Headquarters;

b. Euro pool, which has investments only in euros and is for use by funds in offices away from Headquarters that may have a surplus of euros from their operations;

(ii) The cash pools invest in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The cash pools do not invest in derivative instruments or asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are accounted for on a settlement-date basis. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pools are expensed as incurred in the cash pools, and the net income is distributed proportionately to the funds participating in the cash pools;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants.

(d) Financial information pertaining to the offices away from Headquarters and euro cash pools:

(i) As at 31 December 2011, the offices away from Headquarters and euro cash pools held total assets of $1,956.0 million; of this amount, $298.4 million was due to UNODC, as reflected against the cash pool line in the statement of assets, liabilities and reserves and fund balances (statement II);

(ii) Financial information on the offices away from Headquarters and euro cash pools as at 31 December 2011 is summarized in table 1.

Table 1
**Summary of assets and liabilities of the cash pools as at 31 December 2011**
(Thousands of United States dollars)

| | *Offices away from Headquarters cash pool* | *Euro cash pool* | *Total* |
|---|---|---|---|
| **Assets** | | | |
| Short-term investments[a] | 627 484 | 122 754 | 750 238 |
| Long-term investments[b] | 940 267 | 152 256 | 1 092 523 |
| **Total investments** | **1 567 751** | **275 010** | **1 842 761** |
| Cash | 2 | 106 815 | 106 817 |
| Accrued investment income | 3 842 | 2 530 | 6 372 |
| **Total assets** | **1 571 595** | **384 355** | **1 955 950** |
| **Liabilities** | | | |
| Payable to UNODC | 182 342 | 116 100 | 298 442 |
| Payable to other funds participating in the cash pools | 1 389 253 | 268 255 | 1 657 508 |
| **Total liabilities** | **1 571 595** | **384 355** | **1 955 950** |
| Net assets | – | – | – |

**Summary of net income of the cash pools for the biennium ended 31 December 2011**

(Thousands of United States dollars)

| | *Offices away from Headquarters cash pool* | *Euro cash pool*[c] | *Total* |
|---|---|---|---|
| **Net income** | | | |
| Interest income | 40 714 | 4 355 | 45 069 |
| Securities | 10 080 | 478 | 10 558 |
| Securities lending income[d] | 559 | – | 559 |
| **Net income from operations** | **51 353** | **4 833** | **56 186** |

[a] Lower of book value or fair value.
[b] Book value.
[c] Excludes gains or losses arising on revaluation of the underlying euro-based investments.
[d] Securities lending refers to the United Nations. The terms of the loan are governed by an agreement, which requires the borrower to provide the United Nations with collateral of a value greater than the loan security.

(e) Composition of the offices away from Headquarters and euro cash pools:

Table 2 shows a breakdown of investments held in the offices away from Headquarters and euro cash pools by type of instrument.

Table 2
**Investments of the cash pools, by type of instrument, as at 31 December 2011**

(Thousands of United States dollars)

| | *Book value* | *Fair value*[a] |
|---|---|---|
| **Offices away from Headquarters cash pool** | | |
| Bonds | | |
| Government agencies | 989 127 | 990 001 |
| Non-United States sovereigns and supranationals | 325 031 | 326 577 |
| **Subtotal** | **1 314 158** | **1 316 578** |
| Discounted instruments[b] | 74 978 | 74 981 |
| Term deposits | 178 615 | 178 615 |
| **Total investments** | **1 567 751** | **1 570 174** |
| **Euro cash pool** | | |
| Bonds | | |
| Government agencies | 93 819 | 93 764 |
| Non-United States sovereigns and supranationals | 103 672 | 104 055 |
| **Subtotal** | **197 491** | **197 819** |

| | *Book value* | *Fair value*[a] |
|---|---|---|
| Term deposits | 77 519 | 77 519 |
| **Total investments** | **275 010** | **275 338** |
| **Total of cash pools** | | |
| Bonds | | |
| Government agencies | 1 082 946 | 1 083 765 |
| Non-United States sovereigns and supranationals | 428 703 | 430 632 |
| **Subtotal** | **1 511 649** | **1 514 397** |
| Discounted instruments[b] | 74 978 | 74 981 |
| Term deposits | 256 134 | 256 134 |
| **Total investments** | **1 842 761** | **1 845 512** |

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

[b] Includes United States Treasury bills and discount notes.

(f) Financial risk management:

The offices away from Headquarters and euro cash pools are exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Individual Rating is used to rate term deposits. The credit ratings of the issuers whose securities were held in the offices away from Headquarters and euro cash pools are shown in table 3.

Table 3
**Investments of the cash pools, by credit ratings, as at 31 December 2011**
(Thousands of United States dollars)

| | *Total*[a] | *Rating* |
|---|---|---|
| **Offices away from Headquarters pool** | | |
| Bonds | 1 314 158 | S&P: 41.4% AAA and 58.6% AA+/AA-; Moody's: 94.7% Aaa and 5.3% Aa1/Aa3 |
| Discounted instruments[b] | 74 978 | S&P: A-1+; Moody's: P-1 |
| Term deposits | 178 615 | Fitch: 60.8% A/B and 39.2%B |
| **Total investments** | **1 567 751** | |
| **Euro pool** | | |
| Bonds | 197 491 | S&P: AAA; Moody's: Aaa |
| Term deposits | 77 519 | Fitch: B |
| **Total investments** | **275 010** | |

[a] Represents the book value of securities as at 31 December 2011.
[b] Includes United States Treasury bills and discount notes.

(ii) Liquidity risk:

The offices away from Headquarters and euro cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pools' cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the pools are able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollar. The offices away from Headquarters pool has no currency risk, as all its investments are in United States dollars. The euro pool is exposed to currency risk through the holding of securities in euros. Accordingly, funds participating in the euro pool are exposed to currency risk to the extent that their share of investments exceeds their operational requirements for euros.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to changes in interest rates. In general, as the interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk. The offices away from Headquarters and euro pools are exposed to interest rate risk, as their holdings comprise interest-bearing securities. As at 31 December 2011, the pools invested

primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average durations of the offices away from Headquarters pool and euro pool were 0.89 years and 0.93 years, respectively, which are considered to be indicators of low interest rate risk. Table 4 shows how the fair value of the offices away from Headquarters and euro cash pools as at 31 December 20011 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of an upward or downward shift of up to 200 basis point in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
**Sensitivity of the cash pools to interest rates as at 31 December 2011**

| | *Change in fair value (Millions of United States dollars)* | | |
|---|---|---|---|
| *Shift in yield curve (basis points)* | *Offices away from Headquarters cash pool* | *Euro cash pool* | *Total* |
| -200 | 28 | 5 | 33 |
| -150 | 21 | 4 | 25 |
| -100 | 14 | 3 | 17 |
| -50 | 7 | 1 | 8 |
| 0 | 0 | 0 | 0 |
| 50 | -7 | -1 | -8 |
| 100 | -14 | -3 | -17 |
| 150 | -21 | -4 | -25 |
| 200 | -28 | -5 | -33 |

(v) Other price risk:

The offices away from Headquarters and euro cash pools are not exposed to significant other price risk, as they do not sell short, borrow securities or purchase securities on margin, all of which limit the potential loss of capital.

**Note 7**
**End-of-service and post-retirement benefits**

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits and commutation of unused annual leave. All three liabilities are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance (ASHI):

(i) At the end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after

1 July 2007, and 5 years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuary to determine the liabilities for after-service health insurance as at 31 December 2011 were a discount rate of 4.5 per cent; health care escalation rates of 8.0 per cent in 2012 for all medical plans (7.0 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent in 2027 and later years; and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits. The main changes as compared to the 31 December 2009 valuation were a decline in the assumption for the discount rate from 6.0 per cent to 4.5 per cent, reflecting a broad decline in interest rates of the benchmark which is based on rates for high-quality corporate bonds; an assumption for higher health care escalation rates for plans outside of the United States; and a requirement for all eligible retirees of the United Nations to be enrolled in the United States Medicare Plan B, which results in reduced costs to the Organization with respect to charges from medical practitioners;

(iii) Another factor in the after-service health insurance valuation is to consider contributions by all plan participants in determining the Organization's residual liability. Thus, contributions from retirees are deducted from the gross liability, and a portion of the contributions from active staff is also deducted to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Organization's share not exceed one half for non-United States health plans, two thirds for United States health plans, and three quarters for the medical insurance plan;

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2011 was estimated at $21,909,417 for the Drug Programme Fund and $8,268,583 for the Crime Programme Fund, compared with an estimated liability of $10,392,000 for the Drug Programme Fund and $4,084,000 for the Crime Programme Fund as at 31 December 2009. This increase of $15,702,000 mainly reflects an actuarial loss of $9 million resulting from a change in the assumption for discount rates from 6.0 per cent as at 31 December 2009 to 4.5 per cent as at 31 December 2011;

(v) Further to the assumptions set out in subparagraph (ii) above, it is estimated that the present value of the liability would increase by 30 per cent and decrease by 23 per cent if the medical cost trend is increased or decreased by 1 per cent, respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 29 per cent and decrease by 21 per cent if the discount rate is decreased or increased by 1 per cent respectively, all other assumptions held constant.

(c) Repatriation benefits:

(i) At the end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based on length of

service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) A consulting actuary was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2011. The major assumptions used by the actuary were a discount rate of 4.5 per cent and annual salary increases ranging from 9.1 per cent to 4.0 per cent, depending on the age and category of staff members;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2011 was estimated at $3,985,000 for the Drug Programme Fund and $2,277,000 for the Crime Programme Fund.

(d) Unused annual leave:

At the end of service, staff members holding fixed term or continuing appointments may commute unused annual leave, up to a maximum of 60 working days.

(e) End-of-service allowance:

At the end of service, General Service staff members in UNICRI are entitled to a separation payment in accordance with FAO Circular 90/54. At the end of service, UNODC General Service staff members in Vienna are entitled to end-of-service allowances in accordance with United Nations information circular UN/INF.243. The separation payment and end-of-service allowance liabilities as at 31 December 2011 are estimated at $1,879,643 for the Drug Programme Fund and $697,984 for the Crime Programme Fund.

(f) A summary of the end-of-service and post-retirement liabilities and the funding of these liabilities is as follows:

(United States dollars)

| | *Drug Programme* | *Crime Programme* | *UNICRI sub-account (Crime Programme)* | *Total* |
|---|---|---|---|---|
| After-service health insurance liabilities | 21 909 417 | 6 857 583 | 1 411 000 | 30 178 000 |
| Accrued annual leave liabilities | 2 115 071 | 931 929 | 168 000 | 3 215 000 |
| Repatriation benefits | 3 985 000 | 2 196 000 | 81 000 | 6 262 000 |
| General Service staff end-of-service allowances | 1 879 643 | 540 957 | 157 027 | 2 577 628 |
| **Total after-service health insurance and end-of-service liabilities** | **29 889 132** | **10 526 469** | **1 817 027** | **42 232 628** |
| Funded from repatriation accrual | 5 196 120 | 1 945 198 | 225 979 | 7 367 297 |
| Funded from prior years' reserves and fund balances | 12 732 001 | 5 323 256 | 992 395 | 19 047 653 |
| Funds from/refunded to biennium 2010-2011 reserves and fund balances | 11 961 010 | 3 258 014 | 598 653 | 15 817 678 |

## Note 8
## Reserves and fund balances

(a) Income pertaining to future financial periods has been deferred only when the pledge documents categorically specify the future fiscal period of the contribution. As a result, unpaid pledges not so deferred, as well as actual operating surpluses, cause an accumulation of fund balances.

(b) Net changes in the reserves and fund balances of the Drug Programme Fund during the biennium 2010-2011 and future commitments against them are summarized below:

(United States dollars)

| *Changes in reserves and fund balances* | *General purpose* | *Special purpose* | *Programme support* | *Total* |
|---|---|---|---|---|
| Reserves and fund balances as at 1 January 2010 | 14 639 780 | 153 187 490 | 11 397 010 | 179 224 280 |
| Prior-period adjustments | (16 073) | (6 000 511) | | (6 016 584) |
| Reinstated reserves and fund balances as at 1 January 2010 | 14 623 707 | 147 186 979 | 11 397 010 | 173 207 696 |
| Net changes during the biennium 2010-2011 (statement III) | (3 822 592) | (4 934 240) | (2 246 460) | (11 003 291) |
| **Total reserves and fund balances as at 31 December 2011**[a] | **10 801 115** | **142 252 739** | **9 150 550** | **162 204 404** |

[a] Includes reserves for allocations and eliminations.

(c) Net changes in the reserves and fund balances of the Crime Programme Fund during the biennium 2010-2011 and future commitments against them are summarized below:

(United States dollars)

| *Changes in reserves and fund balances* | *General purpose* | *Special purpose* | *Programme support* | *Total* |
|---|---|---|---|---|
| Reserves and fund balances as at 1 January 2010 | 2 264 239 | 113 757 456 | 4 085 886 | 120 107 581 |
| Prior-period adjustments | (145 407) | (1 938 104) | | (2 083 511) |
| Reinstated reserves and fund balances as at 1 January 2010 | 2 118 832 | 111 819 352 | 4 085 886 | 118 024 070 |
| Net changes during the biennium 2010-2011 (statement V) | 896 228 | 61 064 467 | 4 843 254 | 66 803 949 |
| **Total reserves and fund balances as at 31 December 2011**[a] | **3 015 060** | **172 883 820** | **8 929 140** | **184 828 020** |

[a] Includes reserves for allocations and eliminations.

**Note 9**
**Negative cash balances**

(a) Special-purpose contributions to project activities are treated as trust funds or project accounts. The application of these funds to specific project activities is reported separately to donors. The consolidated balance shown in the statements, therefore, consists of a series of trust funds or project accounts. In some cases, where expenditure exceeds collections and any accrued interest, the cash balances are negative.

(b) The details of the negative cash balances for the Drug Programme Fund are shown as follows:

(United States dollars)

| *Donor* | *Project number* | *Cash fund balances* | *Outstanding pledges* |
|---|---|---|---|
| Australia | XSP/J18, GLO/U34 GLO/C09, GLO/G80, GLO/H92 GLO/171, GLO/J88, GLO/U40 | (123 897) | 857 719 |
| Canada | GLO/U54, RAF/D21, TAJ/E24 | (936 665) | 4 896 756 |
| Colombia | COL/J31, COL/J36 | (8 147) | 18 939 |
| Denmark | IRN/V03 | (39 828) | 260 643 |
| Germany | AFG/J43 | (60 318) | 238 243 |
| Luxembourg | VIE/H68, MLI/U58 | (95 355) | 391 028 |
| Netherlands | IRN/K13 | (72 219) | 75 840 |
| Peru | PER/D06 | (35 983) | 45 905 |
| Spain | PRY/K56 | (131 959) | 171 835 |
| United Kingdom of Great Britain and Northern Ireland | GLO/900 | (32 794) | 107 716 |
| United States of America | PER/D06, XCE/A01 | (283 117) | 1 494 660 |
| European Union | BOL/F57, BOL/J52, BOL/I79, BOL/I80 | (53 325) | 76 274 |
| UNDP | PAL/I06, PER/K06 | (18 151) | 56 681 |
| **Total** | | **(1 891 758)** | **8 692 239** |

(c) The details of the negative cash balances for the Crime Programme Fund are shown below:

(United States dollars)

| *Donor* | *Project number* | *Cash fund balances* | *Outstanding pledges* |
|---|---|---|---|
| Canada | GLOT08, GLOT58, GLOU40 | (494 874) | 549 931 |
| European Commission | XAMT72, XEET53 | (504 770) | 530 899 |
| Egypt | GLOT60 | (7 050) | 11 873 |
| Finland | NGAS84 | (231 699) | 466 408 |
| IOM-UNODC-UNHCR | SRBX15 | (6 764) | 225 745 |
| Panama | PANU66 | (33 252) | 45 350 |
| United Nations Democracy Fund | ECUT87 | (83 237) | 159 676 |
| United States of America | BDIT29, GLOT29, GLOT59, LAOX26, VNMT28, XAPX37, YEMX24 | (569 647) | 2 647 990 |
| Unfunded | GNBU47, XAFT54 | (232 848) | – |
| **Total** | | **(2 164 141)** | **4 637 872** |

## Note 10
## Non-expendable property

In accordance with standard United Nations accounting policies, non-expendable property is not included in the fixed assets of the organization but is charged against the current appropriations when acquired. The following table shows the non-expendable property locations, movement and status as at 31 December 2011:

(United States dollars)

| *Location of non-expendable property* | *As at 31 December 2009* | *Acquisitions 2010-2011* | *Write-off/ adjustments 2010-2011* | *Total as at 31 December 2011* |
|---|---|---|---|---|
| **Headquarters** | | | | |
| Drug and Crime Programme | 2 736 996 | 498 552 | (326 606) | 2 908 942 |
| UNICRI | 537 414 | 25 298 | (1 555) | 561 157 |
| **Subtotal** | **3 274 410** | **523 850** | **(328 161)** | **3 470 099** |
| **Country offices** | | | | |
| Drug and Crime Programme[a] | 32 732 053 | 16 724 412 | (26 839 229) | 22 617 236 |
| UNICRI | 40 339 | 2 355 | (42 694) | – |
| **Subtotal** | **32 772 392** | **16 726 767** | **(26 881 923)** | **22 617 236** |
| **Total** | **36 046 802** | **17 250 617** | **(27 210 084)** | **26 087 335** |

[a] Includes adjustments approved by and submitted to the Property Survey Board and provisions for aged assets acquired before 2004.

**Note 11**
**Voluntary contributions in kind**

In addition to cash contributions, the Funds also received voluntary contributions in kind. The estimated value of voluntary contributions in kind received for the biennium 2010-2011 is $4,529,604. Most of these contributions were project-related and were provided in the field. In accordance with paragraph 35 of the United Nations system accounting standards, the fair valuation of the contributions was determined on donors' valuations, unless there were significant differences from other valuation indicators available to UNODC, such as market rates. Conversion to United States dollars was made at the United Nations operational rate of exchange at the time the contribution was received, unless there was a material difference between the local amount provided and the actual market value.

The detail of the in-kind contribution is as follows:

(United States dollars)

| *Receiving fund* | *2008-2009* | *2010-2011* |
|---|---|---|
| Crime Programme | 613 953 | 150 409 |
| UNICRI (Crime Programme) | 1 888 456 | 1 806 011 |
| Drug Programme | 2 877 988 | 2 573 184 |
| **Total** | **5 380 396** | **4 529 604** |

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